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FRIDAY FEBRUARY 19 1999



FT Weekend tomorrow King coal: the last man in Europe to wield worker power

Electricity deregulation Obstacles remain to real free market in EU Page 15



LAFONTAINE WARNS THAT SPENDING CUTS COULD HAMPER GROWTH AND URGES POLICY FOCUS ON REAL INTEREST RATES

The China Connection Where Beiling buys its weapons. Page 6

The mood in Serbia 'Are you going to bomb the or shall we paint the house Page 2

Mastering Information Management

The FT's 12-part series on the I in IT continues on

Monday. Part Four: The smarter supply chain



WORLD NEWS

Ministers resign as Greece tries to avert crisis over Ocalan

Greek foreign minister Theodoros Pangalos resigned as the country's socialist government sought to avert a political crisis over Turkey's capture of Abdullah Ocalan, leader of the PKK Kurdish guerrilla movement: Two other cabinet ministers stepped down. Page 16; Ankara plans to remove rebels, Page 2

Employers back workers deal European Union employers are backing legal protection for mil-ilons of fixed-term contract workers against discrimination in areas such as working hours and holidays. Europe, Page 3

Far-reaching changes in the reporting methods for listed cominies in Europe are being urged by the European Commission. Britain, Page 16

US wholesale prices jump US wholesale prices last month showed their largest monthly rise since 1996, official figures show. US and Canada, Page 10; An sible balancing act, Page

Progress at Kosovo talks International mediators in the Kosovo peace talks claimed to have arrived at a compromise between Serbs and Albanians. Europe, Page 2; Embracing the Balkans, Page 14.

Madrid opposes 35-hour week The Spanish government is trying local and regional attrochiosas Introduce a 35-hour working. week Europe, Pege 3.

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Metatworkers' pay deal attacked Employers and trade unions in Germany's metal industry struck a pay deal which came under immediate attack from business and economists. Europe, Page 2; Editorial Comment, Page 15

Ferry operators fight for duty free Scandinavian ferry operators plan to exploit tax loopholes and seek legal rulings allowing them to maintain duty free sales in spite of the European Union's plan to abolish them, Europe, Page 3

US and S Africa in trade pact US vice-president Al Gore and South African deputy president Thabo Mbeki launched a trade agreement, the first of a series the US hopes to launch in Africa

Kenyan finance minister Simeon Nyachae resigned following demotion in a cabinet restuffie. International, Page 4

Conedian Inflation drops Canada's annual inflation rate dropped to 0.6 per cent last month, despite a booming job market and a week Canadian dollar. US and Canada, Page 10

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BUSINESS NEWS

Tractebel chief told to step down or risk being ousted

Tractebel chief executive Baron Philippe Bodson has been told to step down or face moves by the Belgian energy group's largest shareholder to oust him. Comanies and Markets, Page 17

as' shareholders threw their weight behind a business plan. that will allow the German engineering and electronics group to list on the US stock market. European companies, Page 18

Giaxo Wellcome, the UK drugs group, has forecast double-digit growth in profits and sales this year after maintaining flat earnings for 1998. Companies and Markets, Page 17; Lex, Page 18

Buke Energy, the US utilities group, ended months of speculation with a \$2.1bn bid for a controlling 51 per cent stake in Endesa Chile, the country's largest electricity generator. Companies and Markets, Page 17

Crédit Commercial de France, the French bank, admitted it was vulnerable to a hostile takeover but said it would try to remain independent. International impenies, Page 20

Eric Sleacher, one of Wall Street's best known bankers, bought back his firm from National West minster Bank, the UK retail banking group. Companies and Markets, Page 17

Toronto-Dominion Bank, the Canadian bank, was helped by sepid grawth in its discount two-kerage business to a record first quirter. international companies, Page 20

Acht Life will not be sold by the Life Assurers Association of Japan, after its search to find a buyer ended in failure. Asia-Pacific companies, Page 21

Honda Motor, the Japanese carmaker, lengthened its lead over its domestic rivals in the third quarter by raising net profits nearly 20 per cent. Companies and Markets, Page 17; Sales of mini-cars, Page 21

Bombartier, the Canadian aerospace and transportation group, announced a US\$1.3bn sale of regional jet aircraft to Northwest Airlines, the US carrier. World trade, Page 5

ins Airways, Australia's flagship carrier, announced a 34 per cent increese in interim net profit, sending its shares up more than 6 per cent. Asia-Pacific companies, Page 21

World Equity Markets The littlest trends and data from more than 50 national payriets at a plence

European economic policy rift intensifies

By Wolfgang Münchau in Frankfurt and Michael Smith in Brussels

Tension between the German government and the European central Bank over economic policy intensified yesterday when Oskar Lafontaine, the German finance minister, said it would be "completely wrong" for govern-ments to cut spending in the current economic climate.

The comment highlights the growing impasse in economic policy in the 11-nation euro-zone, as finance ministers and the ECB blame each other for the slow-

called on the ECB to cut interest rates, while the ECB regularly admonishes euro-zone governments over their failure to reduce their budget deficits and debts. Yesterday, as expected, the

short-term refinance rate unchanged at 3 per cent.

The bank said the outlook for

price stability remained favourable with no inflationary or deflationary pressure on the hori-Speaking last night after

attending the ECB's governing council meeting in his capacity as current chairman of the council of European finance ministers, Mr Lafontaine said: "One needs to save when the economy is growing but as the outlook for growth is uncertain it would be completely wrong to introduce [spending] cuts which could ham-Mr Lafontaine has repeatedly per growth in the future."

The rift at the heart of European economic policy is set to be exposed again at tomorrow's meeting of finance ministers and central bankers from the Group of Seven leading industrialised ECB left its benchmark nations. The US plans to use the



meeting in Bonn to urge Europe and Japan to promote domestic demand-led growth.

Mr Lafontaine and his advisers believe monetary policy is the most suitable instrument to stimulate the slowing euro-zone economy. They warned that if interest rates were not cut, governments would have to adopt an expansionary fiscal policy. Germany. the motor of the 11-nation bloc. has been hit hard by the drop in

global growth. The ECB believes that eurozone governments lack of fiscal discipline constitutes a potential threat to price stability, which in 1992 the US brought short-term turn makes it more difficult for the bank to cut interest Speaking earlier in the day in

the European Parliament in Brussels, Mr Lafontaine said the European policy debate should focus on real rather than nominal interest rates. Nominal interest rates were

relatively low but inflation was lar should be seeing stronger exceptionally low, he said. Mr demand," he said. The fall was Lafontaine dismissed suggestions "not a problem". that pressure for an interest rate cut might undermine the credibility of the euro. He said that in

interest rates down to zero when inflation was at 3.3 per cent. The dollar had not lost credibility

The 4 to 5 per cent fall in the value of the euro against the dollar had lifted a "certain burden" from exporters. It did not mean the currency was undervalued. "It is quite normal that the dol-

remained robust in Europe and

North America. Bernard Amault,

LVMH's chairman, who already

controls the Louis Vuitton, Cal-

market in anticipation of an

After abandoning plans to

acquire Sanofi, the French per-

fume company which owns the

demand has

across Asia.

However.

Gucci issues shares in move to block LVMH

By Alice Rawsthorn

Gucci, the Italian fashion company, has declared war on LVMH, the French huxury goods group that has stealthily acquired 34.4 per cent of its equity, by issuing an equivalent number of new shares to block LVMH's voting rights.

LVMH, advised by Goldman

Sachs, condemned Gucci's action as "unacceptable". The move involves issuing 20m new shares to an employee share option plan with an option to issue 17m more. LVMH intends to challenge the legality of the manosuvre in the Netherlands, where Gucci is quoted, and through the European Commission.

As Gucci is also quoted in New York LVMH has written to the Securities & Exchange Commission to verify whether the Italian company secured a waiver to



Gueci's Domenico de Sole

increase its share capital by more than 20 per cent. If not, LVMH claims that Gucci could be delisted in New York.

Gucci, advised by Morgan Stanley, maintains that, under Dutch law and its own legal structure, it is entitled to issue up to 2.5 times its original share capital



LVMIfe Bernard Amoust

without seeking shareholder

Gucci stake last month, fell by when economic recession spread company into one of the most

approval. Domenico De Sole, Gucci's president, told the Financial Times that it had verified the legality of the sale to the share option plan with "two top experts in Dutch corporate law".

LVMH's shares, which rose sharply when it was amassing its €11.80, (\$13.21) or 5.6 per cent, to €200.70 in Paris yesterday. Gucci's shares, which had also risen on hopes of a full bid from LVMH, slipped by €1.90 to €56.90 in Amsterdam. Tom Ford, Gucci's chief ine, Givenchy and Christian Dior designer, who has been credited luxury brands, is keen to

sought after luxury labels of the 1990s, expressed "full support" for Mr De Sole and the issue. The battle between Gucci and LVMH comes at a turbulent time for the \$60bn global luxury goods industry, which is starting to

emerge from a difficult period when sales slowed in the oncemovant Asian market. Luxury goods sales first showed signs of strain when the yen weakened against the US dol-

CITY OF LONDON

SQUARE MILE

COM

Yves Saint Laurent fashion house, late last year, Mr Arnault began buying Gucci shares early this year. He also formed a trading alliance with Prada, another prestigious Italian fashion house. and is in investment talks with a third, Giorgio Armani.

lar two years ago. The industry's Lex, Page 16; Gucci raises the difficulties deepened last year stakes, Page 18

Aegon pays \$9bn for Transamerica

By Gordon Cramb in Amsterdam and John Authors in New York

Aegon, the Dutch insurance group, yesterday gained a place among the top three US life insurers by agreeing a \$9.7bn takeover of San Francisco-based

The deal, the latest in a flurry of merger activity in the world financial services industry, will nearly double Aegon's US assets and revenues. It is almed primarily 'at 'giving Aegon "critical mass" in the lucrative US retail savings and corporate pensions markets, where both companies have relatively small businesses

In the US life market it will rank by assets behind Prudential of America and Metropolitan Life. Ranked globally by assets, the combine will stand third among listed life insurers, though some way behind Ara of France and Germany's Allianz.

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Transamerica had been viewed as a potential takeover target for some time. However, Frank Herringer, the company's chief executive, said there had been no "auction", and talks had been held only with Aegon. He said Donald Shepard, head of Aegon's US division, had made the first approach several months ago.

in Transamerica debt. The \$78 per share being paid - of which 30 per cent is in cash and the rest in Aegon stock - represents a premium of more than 35 per cent over the closing price for Transamerica in New York on

Shares in Aegon rose 5.5 per cent in Amsterdam although the group conceded that it expected a return on equity of 9 per cent for Transamerica, below its usual goal of 11 per cent.

were one of the strongest per-formers in morning trading on

The deal takes Aegon into the Canadian market for life insurance, where it has had only a limited presence, and into life reinsurance. "Reinsurance has been a missing place of our US operations," said Kees Storm. Aegon chairman.

Aegon, which was advised by Donaldson Lufkin & Jenrette, is to issue \$4.2bn in new debt to raise the cash component. Transamerica was advised by Goldman Sachs.

World News: North America 10 International 4,

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Aegon will also take on \$1.1bm Lex, Page 16

Asia Pacific 6, Trade 5, UK 11

Asia Pacific 21, UK 22.

It added that "the lower cost of capital in today's environment justified the exception it was making. Transamerica's shares

Wall Street, gaining more than 36 per cent, up \$154 at \$724.

Lifting temps, Page 18

CONTENTS

Comment & Analysis: 14,15

Business attacks IG Metall pay deal

By Tony Barber in Frankfurt

Employers and trade unions in Germany's metal industry struck a pay deal early yesimmediate attack from busifor jobs and competitiveness for an interest rate cut by an employers' representa- of another rate cut this the European Central Bank.

The agreement, reached in the state of Baden-Württem- though not binding on other a basic 3.2 per cent wage berg and amounting to a German states, are likely to increase from March 1 until wage increase of between 3.8 apply across the national and 4.2 per cent, averted the metal, engineering and elecdanger of a national strike. trical sector. They will set Metall, Germany's largest It also kept alive Chancellor Gerhard Schröder's hopes of uniting industry and labour behind a government- the euro-zone. inspired effort to create jobs for the 4m unemployed.

Balkan

nations

close to

tion of principles in Sofia,

the Bulgarian capital, on

Monday. The agreement will

the Macedonian language

Bulgaria was the first

state when it broke away

from former Yugoslavia in

1992. But fears of inflaming Macedonian minority issues inside Bulgaria, or of reviv ing long-standing nationalist

Bulgarian claims to Macedo-

nia, have prevented Sofia

Macedonian to be little more

than a dialect of Bulgarian.

while for the Republic of

Macedonia, the language is a

key element in its fragile

sense of identity. It still

faces hostility from Greece

over the name of the coun-

try, which Athens refuses to

represents territorial claims

on its own northern prov-

Within the European

Union and the United

Nations, the Republic of

officially - at Greece's insis-

tence - as The Former Yugo-

slav Republic of Macedonia.

or FYROM, and at the UN it

However, Macedonia's sur-

vival as an independent

buffer state in the heart of

the Balkans is considered by

several countries as a crucial

significance has increased

because of the peace efforts

in the neighbouring Serbian

The formula agreed by

Bulgaria and Macedonia will

allow the countries to sign

hilateral treaties in the lan-

guages recognised by the

two countries' constitutions.

with the constitution of the

Republic of Bulgaria, and

Macedonian, in accordance

with the constitution of the

Republic of Macedonia." said

Marin Raikov, Bulgaria's

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The Financial Times Limited 1998 Editor Richard Limbert, vio The Financial Times Limited, Number One Scuthwark Bridge London SEI 9HL.

chief negotiator.

FRANCE:

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edonian language.

and nationhood.

accord

By Kevin Done,

However, businessmen unions across Europe," said pay workers a one-off bonus described the settlement as Holger Fahrinkrug, an ana- of 1 per cent of their annual higher than many German manufacturers could afford. Independent economists said it was likely to reinforce the at least in German wage ECB's resistance to German government appeals for a rate cut. "That was a bad result," said Klaus Fritsche, deal reduces the probability

The settlement's terms, the tone for wage deals in trade union. Workers will the rest of the German econ- also receive a one-off pay-

"The German deal will be this year. In addition, companies will seen as a signal for trade

lyst at Warburg Dillon Read in Frankfurt. "Consequently, after two years of modesty. growth, the ECB is faced with a significant change in direction. If anything, the

The settlement comprises next February for the 3.4m workers represented by IG ment of DM350 (€178, \$201) for the first two months of

salary at any time between April and next January. Individual companies will decide the timing in consultation with their workers' councils. Employers said the deal,

taken as a whole, amounted to a 3.6 per cent wage increase over the 14-month duration of the settlement. However, IG Metall said the pay rise effective during the 1999 calendar year would be equivalent to 4.2 per cent. The union had originally asked for a 6.5 per cent rise and had staged two weeks of warning strikes in pursuit of its demand. Union officials were visibly more pleased yesterday than employers

chief executive of the Siemens industrial group, estimated the pay deal would increase his company's costs by DM800m-DM900m a year. Economists said the blow would fall heaviest not on IG Metall's deputy head, big companies such as DaimlerChrysler and Volkswagen, which would try to accommodate the higher costs through productivity gains, but on medium-sized firms that had less flexibility and needed wage settlements more tailored to their own

Unusually, the employers' association Gesamtmetall declined to recommend that companies in other parts of Germany should adopt the

Heinrich von Pierer, the temberg. The association believes businesses in less as easily as the multinationals in Baden-Württemberg. However, Jürgen Peters.

> warned employers all over Germany to model their agreements on yesterday's Economists said the settle-

> ment might boost German consumer spending and ensure that the government meets its target of 2 per cent economic growth this year. However, there may be a price to pay later in terms of higher unemployment, they

Ankara aims to crush PKK rebels

By Loyla Bouiton in Ankera

Turkey yesterday sought to capitalise on its capture of Abdullah Ocalan leader of the Kurdish Workers' Party (PKK), by arresting members of another Kurdish political party and pursuing his supporters in northern fraq. After pouring 4,000 troops across the Iraqi border on Wednesday night to attack

PKK spertillas demoralised by the loss of their leader. the general staff of Turkey's powerful armed forces made it clear yesterday their overriding priority was to knock the PKK out of action alto-

The general staff told the Financial Times that removing terrorism from Turkey's agenda is dependent on neutralising terrorists". It also stated confidently that "both in Turkey and northern Iraq, terrorist organisations' capacity for armed action has been

brought under control". The statement added, however, that it was now time to compensate for the years lost through terrorism" by extending "additional social and economic benefits" to the south-east, one of Turkey's poorest regions. Kurds are in the majority in the area, which has been home to a 15-year war between the

Nato's second largest. The general staff blamed

citizens, burning work places, health centres, villages and schools".

However, in a sign the authorities are far from beginning a political dialogue to address the grievances that fuel support for the PKK, Haden, a non-violent, pro-Kurdish party, sald 500 of its supporters had been taken into custody since Mr Ocalan's capture. Hadep, which stands to win the most votes in the southeast in general elections on April 18, denies any formal connection with the PKK.

Even moderate Kurdish representatives, hostile to the PKK, argue that social and economic measures would be insufficient to defuse local support for the guerrillas. They argue cultural concessions recognising Kurds as a separate ethnic group are also essential, including the right to broadcast in the Kurdish language and teach it at school.

Turkish politicians say a political dielogue with Kurds in the south-east is only possible once the elections are out of the way and a new government is installed. But some western analysts doubt whether a new government would make this a priority.

"The basic assumption is that if you give the Kurds an PKK and the Turkish army, inch, they'll take a mile," said one western diplomat. referring to Turkish fears the stunted economic devel- that what Kurds really want opment of the south-east on is an independent state. "It the PKK, accusing it of "kill-ing thousands of innocent way of thinking."

Turks, Kurds in Germany fear more violence

Few people were giving their rules for violent Kurds. names yesterday in Kreuzthat houses much of Berlin's Kurdish and Turkish com-

"I'll talk to you, but I don't to appear in the paper because who knows, someone might read it and decide to fire-bomb me again," said Turkish travel agent.

The last time his business went up in flames, the travel agent was a victim of feuding within Berlin's Turkish community. Yesterday, he. was worried that the wave of violence that has engulfed German cities since the capture earlier this week of Abdullah Ocalan, the Kurdish separatist leader, might lead to attacks on Turkish

In other German cities, such attacks have already taken place, growing worse since the fatal shooting on Wednesday of three Kurdish protestors outside the Israeli

embassy in Berlin. Yesterday, police detained hundreds of Kurdish protesters in Berlin, Bielefeld, Bremen, Wieshaden, Heilbronn, Chemnitz and Stuttgart after incidents that included betrol bomb attacks on Turkish offices and a baseball assault in a Turkish restaurant. But security officials in could benefit the estimated the country's 16 federal

to take up proposals by Otto Schily, the federal interior minister, to ease deportation

At the Kreuzberg branch berg, the run-down district of Isbank, a Turkish bank, a security guard blocked the door, letting customers in only one at a time. "We have to protect ourselves and our customers," explained the manageress, who said headquarters had told her to call in protection on Wednesday. But Kurds and Turks alike sought to stress that, despite the events of recent days.

> relations between the two communities remained largely peaceful. Raof Asar, a Turkish streetsweeper, sald relations between "normal people" on both sides was calm. Turks and Kurds visit the same mosques and go to the same cafés. It is the same as in Turkey, where people have

> thousands of years." "Relations are not remarkable, but there is no hostility," said "Kadar", a member of the board of the Kurdish Community in Berlin, He said difficulties only arose when members of the PKK or Turkish extremist groups

been living together for

were involved. Both sides were also agreed that the events of this week could have a negative impact on the debate over liberalising Germany's citizenship laws, which 2m Turks and 500,000 Kurds states were split on whether living in the country.

Deal on Kosovo peace force still elusive By David Buchen in Rambouillet

International mediators in

the Kosovo peace talks yes-

arrived at a workable politi-

the Contact Group of mediat-

agreement on a Nato-led force to supervise any peace deal still appeared far away. Bulgaria and Macedonia are With the end of the twoclose to resolving the longweek negotiations set for running language dispute that has made it impossible tomorrow agon, the issue of for the two countries to sign is causing increasing fricany treaties since the early tion, not only between the warring parties in Kosovo The prime ministers of the but also between Russia and two Balkan neighbours are its five western partners in due to sign a joint declara-

In the wake of a warning yesterday from Boris Yeltsin, Russian president. against Nato and US air strikes, tension flared up publicly between US and cal compromise between Russian mediators at Ram-Serbs and Albanians, but bouillet, even over the prospect of a Nato-led peacekeeping force.

At a press conference, Chris Hill, the US envoy, stressed the importance the US and the European Union a Nato implementation force placed on an international military presence to ensure peace in Kosovo. But his Russian counterpart, Boris Mayorski, dissociated himself and his country from

"blatant lies" reports that Russia was trying to per-suade Slobodan Milosevic. Yugoslav president, to accept a Nato force.

The US yesterday stepped up pressure on Belgrade by moving an extra 50 aircraft to Europe to join the aerial armada that Nato has assembled to bomb Yugoslavia if it is seen to block a peace deal. Madeleine Albright, US secretary of state, warned Mr Milosevic in a telephone call he would be "hit hard" if there is no peace deal and Nato attacks

Meanwhile, in conjunction with its Nato and European any military presence in allies, Britain will today

diplomatic personnel out of they want to safeguard the Belgrade. The diplomatic rights of minorities. This exodus from Belgrade is in part a precaution in case bombing starts and in part a threat to put pressure on the Serbian side in Rambouillet in the remaining hours. The mediators worked

until 3am yesterday morning to incorporate Serbian and Albanian amendments to their plan for Kosovo self-government. Yesterday evening, they said they hoped the two parties would accept this as "a final text". One amendment, however,

was to add a second chamber of nationalities to the Kosovo assembly, essentially

change yesterday drew complaints from the Albanians who said the second chamber would threaten the powers of the assembly that they As the negotiations enter their final hours with no tan-

gible results so far, speculation is increasing that the endgame may be played out in Belgrade. Contingency plans exist for Robin Cook and Hubert Vedrine, the UK and French foreign ministers. co-chairing the talks, to make an 11th-hour visit to

Personal View, Page 14

allow them to side-step the Serbs shrug thorny issue of Bulgaria's unwillingness to recognise off threat of country to recognise Macedonia as an independent Nato strikes

By Guy Dimmore in Belorade

We love you, our but many more reasonable from recognising the Macfatherland. With your name on their hearts, our army is Many Bulgarians consider

marching." Greeted by this stirring impossibility of resistance jingle, several million Serbs tune in daily to state television news to be shown military propaganda reminiscent Milosevic's wife, Mira Markof the cold war: Serbian Jets, ovic, an ideological utopian belicopters and troops but also a very pragmatic splashing up beaches, inter-spersed with images of her husband that their fam-

ovo province. Serbia, say Slobodan Milosevic, the Yugoslav presinewsreaders, will not give in to Nato bombing threats. No foreign troops will be allowed into Kosovo, fabled beartland of the first Serbian kingdoms.

By noon tomorrow, the "final" deadline set by western mediators for the conclusion of peace talks in France. the people of Serbia should know whether to man the ramparts against Nato jets. If, however, they should learn that Mr Milosevic has once again given way at the last moment, he can expect little backlash.

Commentators say the last hope for Mr Milosevic, with backing from Russia, is to exploit differences among Nato members over the use of firepower to wring out further concessions. But if the hard line of the US and Britain prevails, then analysts believe he has little choice but to accept a foreign peacekeeping force in

"Milosevic is still partial to stories of future heroic

resistance by the Serbs if Nato troops come to Kosovo. people within the regime, and most of the public, realise the hopelessness and against a superior enemy. commented Beigrade's VIP newsletter. "If nothing else,

case of Nato strikes." While western embassies evacuate families and staff dent, and the country's ahead of Saturday's deadline, the mood on the streets of Belgrade is one of indiffer-

In October, when Nato came close to launching air strikes, the authorities urged people to familiarise themselves with long-forgotten air raid shelters. Leaflets urged everyone to stock up on food, batteries and can-

This time, there is no such sense of alarm. On overcrowded buses and trams, conversation turns instead to ever bigger electricity and telephone bills and which supermarket has a fresh consignment of scarce sugar and cooking oil.

"Are you going to bomb us or shall we paint the house?" asks graffiti scrawled on one dilapidated building.

Should Serbia's strongman for the past decade submit to Nato's demands, his next challenge would be to sell his policy turnaround to his people without diminishing gation at the Rambouillet icy changes, then people will his stranglehold on power. chateau near Paris at first too and they would accept a Snjezana Milivojevic, with refused to negotiate with



ers move out ahead of Saturday's deadline, the mood in Belgrade is one of indifference

lation of the public by Serbia's official media, says RTS. the state broadcaster, will have no trouble in changing track and still persist with the "myth" of national con- says people are simply worn

"RTS in the long run is preparing the public to accept what the parties in power decide." she said. harbour radical feelings "There are no problems in towards Kosovo, with half sudden policy changes or ditching of allies."

In the year since war aratists erupted in Kosovo. Serbs have already been subjected to twists and turns in the government's policy. In a referendum last April, they voted, as instructed, overwhelmingly against foreign involvement in Kosovo. But US-mediated talks began and in October Mr Milosevic was Milosevic to persuade people forced to accept 2,000 foreign observers. The Serbian dele-

Ms Milivojevic dismisses the suggestion of another academic that Serbs "have the memory of hens" but

Surveys by Srbobran Brankevic, a sociologist and pollster, show most Serbs do wanting no change and only 20 per cent accepting more autonomy for the province against ethnic Albanian sep- and its ethnic Albanian majority. Similar nationalist senti-

ments prevailed before the Dayton treaty that ended the Bosnian civil war in late 1995. But, Mr Brankovic says, over 60 per cent of Serbs now support that deal. "It's not so difficult for to accept any political solution," he says. "If official pol-Nato peacekeeping force."

from domestic utilities.

His opinion polls - which sion - indicate, however, that the ruling Serbian Socialist party (SPS) and its main coalition partner, the ultra-nationalist Serbian Radical party, are in trouble. Support for the SPS, he estimates, has plunged to about 20 per cent of the electorate - mainly pensioners and farmers - while the Radicals have slumped in popularity since joining the government last March.

"There is a strong argument that the SPS is in deep crisis. The problem for Serbia is there is no alternative," Mr Brankovic says. "If there was a strong opposition party, with a real programme, then the SPS would lose its power." But, for the moment, there

is not. Mr Milosevic has seen off several opposition coalitions over the last decade woolng some parties into government and consigning

Poised to pass with flying colours, at least on paper

Despite changes, the German electricity market is still marked by Companies fear foreign competition many barriers and impediments, writes Frederick Stüdemann



Electricity liberalisation

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681-0421 Germany's electricity industry is set to emerge with flying colours from a European Union deadline Publishing Director P. Maranglia, 42 Rue La Boelle, 75008 PARIS, Telephone (01) 5376-8251, Fax (01) 5376-8253. Printers S.A. Nord Echan, 1921 Rue de Carte, F-9400 Roubas, Celles I, Editor, Richard Lambert, 1880, 1148-2757. Commission Bustines No. 550500. today - at least on paper. The EU directive, which allows large industrial and commercial customers to choose their power supplier, was implemented last year

> competition have already become apparent. Analysts estimate that prices charged to medium- energy with a new "mix" been made difficult, because sized industrial and commer- made up of imports from grid owners are not obliged cial users have fallen by other liberalised EU count to publish prices for access

and the effects of ucreased

last year. Prices for bigger sumption and renewable customers have fallen by up energy. But, despite the to 25 per cent, though not all such cuts are linked to liber-Liberalisation has also cre-

ated new business areas. establishing groups as elecaggregrated purchases on behalf of several customers. The whole process has taken on added significance because of government plans to phase out nuclear power. to electricity distribution

in the country. The government says it sons between the prices of plans to replace nuclear different grid operators have some 10 per cent over the tries, reduced energy con- to the network.

changes, the electricity market is still riddled with impediments. Although the companies

operating the national grid were obliged to allow thirdtricity brokers, who make party access to the network when the liberalisation measures were pushed through last year, they were not forced to sell off their assets. As a result, new entrants

which accounts for about a will still have to rely on third of electricity consumed other companies' networks to transmit power. Comparitor, where the regulator has

PwC. the accountancy nies fear they will be left group, yesterday issued a with long-term fuel supply contracts, which could prove EU electricity deregulation, to be a big financial burden writes Robert Corzine in London.

The survey lists EU coun-The survey showed that tries' preparedness for companies in the \$130bn a deregulation in descending year EU electricity market order: Sweden, Finland, UK, expect foreign companies to Denmark, Germany, Luxerntry to poach large customers bourg, Spain, Netherlands, Austria, Belgium, Italy, It also suggests that many Ireland, France, Portugal,

the telecommunications sec- federal cartel office.

European electricity compa- Gregoe. pendent regulator, unlike through the courts and the

Consequently, complaints networks, Enrop, the US ers.

could not use its networks to the market. Sometimes forfulfil contracts. The cartel eign and domestic compaoffice ruled in Enron's nies have found it beneficial

will drive down prices and change ownership structures throughout the distribution the US. end of the market. "We are going to see mas- nies the presence of a for-

German energy groups.

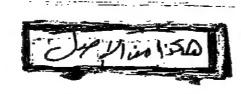
licly owned distributors, lished pattern for entering whose municipal or communal shareholders see privati- investors "would have to be The sector tacks an inde- ity system need to go sation as a means of plugging gaps in their budgets. to come in and ignore the These have been targeted by established players". A further impediment has the big domestic generating. This is the last in a series of since liberalisation last year. entrants from using their their reach to end-consum- surope

utility in western Germany identified local distributors that for technical reasons it as the best point of access to Industry executives and together. Berlin's Bewag analysts say liberalisation utility was bought by a consortium led by Veba. Viag and Southern Company of

For the German compasive concentration here over eign investor soothed conthe next five years," said an cern from the cartel office. executive from one of the big Chris Rowland, energy analyst at Merrill Lynch in Lon-The focus of attention will don, says such link-ups be the 700 or so mostly pub- could become the estabthe German market. Foreign very brave or stupid to want

played a central role in come from utilities which and transmitting companies carticles, which can be seen on pushing forward competition have attempted to block new which are seeking to extend the web at http://www.ft.com/

about access to the electric- energy group, was told by a Foreign investors have Competition switch-on, Page 15



ه امن الرجل

European Union employers

yesterday backed a deal giv-

ing legal protection to mil-

lions of fixed-term contract

workers against discrimina-

tion in areas such as work-

be approved by EU govern-

ments and unions, would

limit the use of successive

contracts and "improve the

quality of fixed-term work".

fixed-term workers in a total

workforce of 150m.

The EU has about 17m

Some are already pro-

tected against discrimination

in national laws, but most

countries would have to

amend their legislation to

comply with the EU initia-

Unice, the European

employers' federation, said

its members had approved

manimously the terms of a

draft agreement with the

European Trades Union Con-

The agreement was ham-

negotiations prompted by

the European Commission.

which had threatened to

bring forward its own legis-

lation unless the two sides

Unice said the deal meant

there would be a common

EU approach to fixed-term

gress (ETUC).

came to a deal.

The agreement, likely to

ing hours and holidays.



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Rockwell Automation provides BMW with automating

solutions to help them make their marque.

CHALLENGE TO BRUSSELS COMPANIES PLAN TO EXPLOIT TAX LOOPHOLES

Ferry operators duty free

The fixed-term agreement

some employers had feared. leaving much of the implementation to member states National laws, it suggests should require "objective reasons" for justifying the renewal of contracts, stipulate maximum durations for contracts or limit the num-

excludes temporary workers supplied by agencies. At the European parliament yesterday, Oskar Lafontaine, German finance minister, said fixed-term contracts allowed greater

workforce. A qualified majority of EU governments must back the agreement if it is to be transposed into national laws. It is thought unlikely member states would reject a deal

workers deal part of Europe's flexible labour market.

The fixed-term contract deal, to be considered by ETUC next month, is the third agreement between employers and unions under the EU's "social protocol" arrangements. The others covered part-time work and parental leave.

is .less . prescriptive .. than

ber of contract renewals. The proposed legislation

mered out in 10 months of 15 per cent of the German

flexibility and covered about

supported by employers and

fight for

By Tim Burt in Stockholm and Clare MacCarthy in Copenhagen

are planning to exploit tax loopholes and seek legal rulings allowing them to maintain duty free sales in spite of the proposed abolition of such retailing in the EU this

Four companies - including Stena Line, the world's largest ferry operator - have drawn up separate proposals on how to avoid the loss of duty free income, which accounts for almost a third of their total revenues. The action by Stena. Scan-

dinavian Seaways, Silja and Viking Lines represents the first formal challenge to this week's decision by the European Commission to push ahead with the abolition of duty free sales in the face of opposition from the UK and German governments. Stena, which serves routes

to Scandinavia, the UK, the Netherlands and Ireland, is seeking a European Court ruling that the Commission has no jurisdiction over retailing in international

"We want to push this through the European Court; a favourable ruling would

Other Scandinavian operators have decided to divert intra-EU traffic via ports outside the single market, enabling them to avoid the new duty free rules.

Scandinavian Seaways has

on such routes," said Bo Ler-

enius, vice-chairman of

Stena which also operates

France in a joint venture

with P&O of the UK.

begun rerouting its Swedish-UK sailings via Kristiansand in Norway. Silja and Viking, the Baltic Sea ferry companies, will this summer divert Stockholm-Helsinki services via Aland, the small Finnish island that enjoys

passengers a year, said services between Helsinki and Rostock in Germany would call in addition at Tallinn, the Estonian capital. "This way we can preserve a business that generates more than 30 per cent of our sales," the company said.

Silja, which carries 5.8m

The combined value of intra-EU duty free sales in the Nordic region of Demark, Finland and Sweden last year was \$1.8bn. In a separate development

one of the region's largest charter airlines is hoping to preserve in-flight sales by offering passengers duty paid alcohol and tobacco sourced from Spain and than in Scandinavia. In Sweden, duties on wine and spirits are about three times higher than the EU Premiair, the Danish car-

rier handling 1.6m passengers a year, is understood to be exploring warehousing arrangements close to holi-day destinations to ensure supplies this summer. Passengers will be able to preorder alcohol and tobacco

over the internet. Skandinavisk Tobakskom pagni, the Nordic region's largest cigarette maker, is seeking similar facilities in Germany to provide duty paid tobacco to Danish con-

EUROPEAN COURT OF HUMAN RIGHTS UK censured over Gibraltar vote

shore but was not aware of the precise details.

John Thornhill, Moscow

The European Court of Human Rights yesterday con-demned Britain for denying a Gibrattar woman the right to vote in European Parliament elections. As a British colony, Gibraltar is part of the European Union and as much subjected to EU laws as anyone else in the union, it ruled. Consequently, its residents must have the right to vote

NEWS DIGEST

RUSSIAN FINANCIAL DISPUTE

President of Eurobank

defends bank's position

Eurobank, the Paris-based offshoot of Russia's centra

claimed yesterday it had received a total of just \$1.7m in

fees for managing billions of dollars of the country's hard

Andrei Movchan, Eurobank's president, said the bank

handled every year, which, he claimed was below the mar-

ket rate. He also confirmed its Jersey-based Fimaco fund

never held more than \$1.4bn at any one time. Russia's

prosecutor general caused controversy this month when

\$50bn to Flmaco, earning commissions for its friends.

e alleged that the central bank had secretly transferred

But the central bank confirmed it had received a letter

the dispute surrounding Firnaco. The bank claimed the IMF

from the International Monetary Fund asking it to explain

knew Russia held part of its hard currency reserves off-

had received one-sixteenth of 1 per cent of the sums it

bank at the centre of a financial dispute in Moscow,

In elections for the 626-member EU assembly, said the court. Gibraltarians cannot vote in European or British elections. The court ruling effectively orders Britain to extend voting rights to Gibraltar. That may be difficult, because Britain has always used a 1976 EU law, rather than a national election law, to prevent Gibraltarians from voting in European elections.

To amend the EU treaty requires the approval of all 15 EU governments. Given tensions between Britain and Spain, which contests British rule over Gibraltar, Madrid may veto any move to grant Gibraltarians the right to vote for British candidates in European elections. AP, Paris

INSURANCE MONOPOLY ABOLISHED

Czechs open up motor market

The Czech cabinet has agreed to abolish the monopoly of the country's dominant insurer and allow competition for third-party motor insurance from the start of next year.

The move has been discussed for eight years and has been eagerly awaited by foreign insurance companies. However, the measure will be hotly debated in parliament which could cut short the time insurance companies have to prepare for any change. Moreover, the government has said it wants to set minimum and maximum premiums for five years which could protect Ceska Pojistovna, in which the state still holds a 30 per cent stake.

Ceska Pojistovna, which has about 50 per cent of the insurance market, said it would now be able to set premiums according to clients' driving records. The company received Kc6.2bn (\$184m) in third-party premiums in 1997 - 20 per cent of its business. Robert Anderson, Prague

Madrid challenges regions over 35-hour week By David White in Madrid towards that end. The theory employers' leaders firmly trial belt around Barcelona, and education systems. The the Madrid government's is that restrictions on overoppose a 35-hour standard. change, estimated to cost to cut working hours. The Spanish government is The councils are mostly Pta6bn (€36m, \$40m), should

a 35-hour working week,

while the opposition Social-

ist party wants to move

trying to stem a growing movement by local and regional authorities to introduce a 35-hour working week. The central govern-ment has launched legal challenges in several cases and threatened others to

working week would jeopardise some sectors' competitiveness and is determined stop the trend gaining hold. The main trade unions are campaigning to standardise

time will create more jobs. ernment opposes any legislative step on working hours. It is concerned that a shorter

to stop a precedent being set in public administration. Although Madrid officially keeps an open mind on voluntary agreements, leaving unions and employers to

negotiate deals of their own,

Rockw

Electronic Controls and Communications

Spain currently has a set 40-hour maximum, calcu-

ments is now about 38. .The central government is Catalonia region to stop the 25-hour norm being set for follows moves by the city council of Tarragona and a

lated on an annual basis, nationalists or Socialists, with two led by independent although officials say the average in labour agreemayors and one by a Communist. The dispute also affects the Socialist-led Bar-

taking court action in the celona provincial authority. The Socialist regional government in Andalucia. municipal employees. This Spain's most populous region, last week reached a 35-hour week deal with dozen-other towns in the unions covering its 40,000 region, mostly in the indusemployees outside the health

controlled by Catalan creats more than 2,000 jobs. Madrid officials accept the

Andalucía authorities are entitled to regulate their staff's conditions but they do not want to allow the same terms to be applied to other public sector employees in

Last month the Andalucia government issued a decree offering incentives to companies introducing a 35-hour week. José Torres Hurtado,

chief representative in the region, called the initiative "an error", saying it could discourage investment The plan is aimed at creat-

ing 15,000-20,000 jobs in three The quarrel has added to a growing impression of disar-

ray in Madrid's relationshin with the regions. Last week the Spanish cabinet demanded the Andalucia government withdraw a plan to supplement the lowest

INVITATION TO SUBMIT BINDING OFFERS FOR THE PURCHASE OF 51% OF THE SHARES

Further to the publication of the "Invitation for expressions of interest in the form of non-blinding offers for the purchase of 51% of the shares of kinlan & Popular Bank of Greece" ("tonian") and on the basis of Article 6, paragraph 1(b) of Greek Law 2000/1991, Commercial Bank of Greece S.A. (the "Company") announces today that the majority (51%) of the shares of tonian are offered to sale. Morgan Guaranty Trust Company of New York

The sale of sheres refers to the sale of fourteen million two hundred and eighty one thousand six hundred and sixty (14,281,660.-) registered voting shares, owned by the Company, representing 51% of lonian's total share capital. The offers to be submitted must be offers for the entire 51% of the

B. Ternes and Conditions for Submitting Binding Offers 1. The present tender will take place in accordance with the provisions of article 6, paragraph 1(b) of Greek Law 2000/1991 as in force today, and with both the terms included in this invitation and with the terms provided in the "Procedures Letter", which will be made available to Eligible

London time on March 26, 1999. Offers received after this time will not be accepted and will not be taken into consideration.

interested Party itself be a bank or belongs to a group of banks then the Letter of Guarantee must be issued by a third party bank which must also comply with the requirements outlined above. The lext of the Letter of Guarantee will be provided to the Eligible Interested Parties as an attachment to the Procedures Letter.

Eligible Interested Parties will have at their disposal adequate time to review and investigate Ionian and form their own view as to its condition. 6. The submission of an offer implies that the Eligible Interested party is fully aware of, and accepts, the present factual and legal position of

Offers must explicitly state the total purchase price for the 51% of the shares of Ionian, payable in cash in Greek drachmas. Offers must explicitly describe the sources and the availability of the relevant funds to finance the payment of the purchase price for 51% of the

Offers must explicitly state and confirm that the Eligible Interested Party is not acting as a broker or agent of any third party. 10. Offers must be accompanied by a Business Plan with respect to the future development of Ionian. 11. The criteria for the evaluation of offers will be based on the purchase price offered, the changes to the share purchase agreement, the Business Plan and on the description of the sources and availability of the tunds necessary to finance the payment of the purchase price. 12. The Company retains the right, for a time period of up to twenty (20) business days as from the date of submission of the binding offers, to

negotiate, through J.P. Morgan, with any of the Eligible Interested Parties who submitted a binding offer, the terms of their offer. This right may or may not be exercised at the discretion of the company. 13. If the Eligible Interested party whose offer is selected by the Company fails to execute the final share purchase agreement in the terms contemptated by its offer, when requested to do so by the Company, the amount of the Letter of Guarantee provided by that party shall be forteited to the Company as a penalty, without prejudice to any further claims the Company may have against that party. Each Eligible interested

in case of such forfeiture. The above terms apply mutatis mutandis in case that any of the Eligible Interested Parties who has submitted a binding offer faits to comply with the terms of the present invitation and/or with the terms of the Procedures Letter and/or with the terms of its offer. 14. The Company retains the right to declare the sale process void for any reason, including that the prevailing offer is not judged wholly

provided that the Higible Interested Parties involved in the tender process are informed in writing. 16. Eligible interested Parties do not acquire any right, claim or demand from the present invitation and from their participation in the tender

The present document has been drawn up in the Greek language and translated Into English. The Greek text prevails in any dispute.

PO BOX 151, 60 Victoria Embankment

ENGLAND Attn: Mr Terence Eccles Tel: +44 171 325 4169 Fax: +44 171 325 8261

CONTRACTS & TENDERS

OF IONIAN & POPULAR BANK OF GREECE S.A.

("J.P. Morgan") has been appointed as financial adviser for the sale. The sale procedure will be an international tender offering in which only parties who participated in Phase I of the procedure and submitted non-binding offers ("Eligible Interested Parties") may participate.

Interested Parties by J.P. Morgan, Submission of an offer Implies the acceptance without any modifications of those terms by the bidder, Reservations or proposals of different terms and conditions shall be disregarded. 2. Eligible Interested Parties are invited to deliver sealed binding offers to the premises of J.P. Morgan at the address given below by 5:00 pm Offers must be accompanied, on penalty of invalidation, by a "Letter of Guarantee" to the amount of GRD 5,000,000,000.- Issued by a bank legally established and operating in Greece or in another European Union member state, to the satisfaction of the Company. Should the Eligible

Eligible Interested Parties will receive and be able to comment on and discuss the draft share purchase agreement, which shall be attached to the Procedures Letter as an appendix, before it is submitted as part of the offer.

Party submitting an offer acknowledges that the amount covered by the Letter of Guarantee is fair and reasonable compensation to the Company

15. The Company retains the right to modify the terms of the present invitation, including the deadline for the submission of binding offers

process, against the Company or its advisers for any reason or cause whatsoever.

Requests for any further information in relation to the present invitation must be addressed to J.P. Morgan as follows: MORGAN GUARANTY TRUST COMPANY OF NEW YORK London EC4Y OJP

The US heads into this weekend's G7 meeting in the concern that the imbalances familiar and enviable posi- in the world economy are tion of being the only one of not sustainable for ever. the seven countries whose immediate economic pros- the case again that the other trade deficit. pects look decidedly rosy. G7 countries should do more Most economists agree with to stimulate their economies. the assessment this week of secretary, that the US should growth with low inflation". either celebration or gloat- nomic debility and European , tration officials. Instead, Mr

Rubin and his colleagues worries the US both for its pensing advice to the rest of whether Europe should take assumed that these latest the current global economic

While the US has bounced moil of last year with ease, growing disquiet as Japan But there is little sign of has grappled with its eco-

Weak growth overseas

US - into renewed crisis. They are eager to press cern - a soaring American

This week Mr Rubin told reporters once again that the "balance of risks in the Robert Rubin, the Treasury back from the financial tur- world economy had changed" and that it was up to Europe and Japan to sup-But what exactly should those countries do? Oddly, while American

will use this weekend's potential to plunge emerging the world for the last few action immediately to stimu- measures were exactly what conditions pose a dilemma markets - and perhaps the years, in the weeks running up to this weekend's mest-But it also produces a very ing, they have been less tangible and immediate con- forthcoming than usual.

Europe is that governments. Japanese policy. He refused is odd. must press ahead with struc- to comment on the latest sigtural reforms.

prescription for the longer term success of the europromoting domestic demand- curve. The US has been policymakers in both Japan might only make the it, is lacking. On the more officials have been busy disimmediate question of now, and it might have been tion may lie in the fact that

late its economy through Mr Rubin had ordered lower interest rates, the US has been stlent.

nificant shift in Japanese While this may be a sound strategy - easing monetary for the G7 deliberations; or conditions by lowering interest rates at both the short zone economy, as a means of and the long end of the yield . difficult struggles among the dollar's appreciation led growth in the near future turging Japan to stimulate its and Europe. economy for several years

But Mr Rubin's silence - Lower interest rates in

US is keeping its powder dry and political reasons, the US perhaps the US does not want to complicate already in the short ferm at least.

as been silent. and Treasury officials sub- Japan and Europe would Even more curiously. Mr sequent refusal to elaborate clearly help stimulate All they have been pre- Rubin was unforthcoming on their ideas for either Jap growth. But they would pared to say publicly about this week on the details of anese or European policy - almost certainly lead also to a strengthening of the US It may simply be that the dollar. For both economic

country's vast current

The continuing gloom is not only prompting concern but dividing the Japanese government over policy.

Japanese officials will be

boping the European, not

the Japanese economy domi-

nates the agenda in Bonn

after Japan first dipped into

recession recovery remains

hoping to

Some senior officials have gone on the offensive ahead of the G7 meeting. Taichi Sakaiya, of the Economic Planning Agency, for example, has declared that the Japanese economy will grow by 0.5 per cent or more in

The Japanese will arrive in Bonn waving a list of measures they have taken to boost demand. Last Novemher, for example, the government approved a Y24,000bn (\$200bn) stimulus package. A week ago, the government decided to pump at least Y7.450bm of public funds into the capital bases of the largest banks. And on the same day the Bank of Japan nounced it would reduce the overnight call rate in the markets from 0.25 per cent to a record low of 0.15 per cent.

But these measures have not convinced the US that the economy is indeed about to rebound. Japan took another step this week to boost growth by indicating it would let the yen weaken.

But given mounting US-Japan trade tensions, Washington is unlikely to back this policy enthusiastically in public and Japan's ministry of finance does not want to irritate the US by supporting calls from some European governments for a new exchange rate regime. "This is not something which we ourselves," says one.

In recent weeks US officials have suggested that cal action to stimulate the economy. The US has offi-cially denied it wants Japan to cut interest rates, but Treasury officials would be unlikely to object if it did.

Masaru Hayami, Bank of Japan governor, who will remains deeply wary of such a move, and he and Klichi duck the issue. But the question of whether or not to relax monetary policy remains an awkward one for Tokyo - and the Japanese must hope that the G7 spotlight does not turn to the

Proponents of target zones decide to bide their time

CURRENCIES

For finance ministers tries' reporting of their - the world's large currencies at the G7 meeting in Bonn this weekend, target zones have become the policy

The issue saw renewed interest after Oskar Lafontaine, the German finance ment, he pointed out that minister, started to advocate target zones - fixed bands - putside which currencies are not permitted to move - last

Mr Lafontaine saw the such a sensitive issue. Dominew tripolar world of euro, nique Strauss-Kahn, the dollar and yen as a chance to let his dirigiste instincts come to the fore and limit kets to blow economies off

But the opposition of the . US and the UK, both of tance. which have a more laissezfairs approach to policy than , ter, has ensured that agreement on any formal system Robert Rubin, US Trea- increased the demand for Accord in 1987, failed within

sury secretary, said on wild swings in exchange months and left policy-

dards to strengthen counreserve position. He also expects constructive discussions on a report by Hans Tietmeyer, president of the Bundesbank, on how to improve policy co-ordination among national and international financial authorities. Japan supports currency But on currency manage-

the G7 was still divided. These public disagreements have led to supporters of target zones making a tactical retreat from pressing French finance minister, and Kiichi Miyazawa, his Japanese counterpart, both supporters of target zones in principle, have acknowledged that the time is not yet right for their accep-

But extreme currency volatility over the past year, 20 per cent collapse in the dollar against the yen in a few days last October, has week Japanese officials have

Active international management of currencies would remove the need for such politically motivated palliatives, some say. But many think Tokyo's action was no more than a sop to the US's desire for Japan to get its economy going, and that

management only as an

alternative to implementing

a coherent domestic mone-

tary policy. Since the collapse of the Bretton Woods order essentially a system of very tight currency bands - in the early 1970s, attempts to manage the world's large currencies have generally been ad hoc. There have central bank intervention, whether internationally coordinated as with the Plaza Accord in the 1980s or unllateral as with the Bank of Japan's decision to sell yen

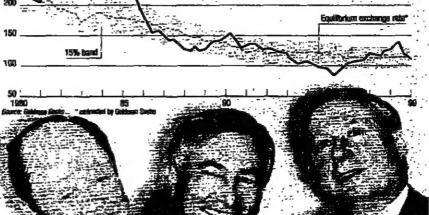
The only explicit attempt to implement global target zones, following the Louvre ejection of sterling from the

European Exchange Rate Mechanism (ERM) also left

In theory target zones are self-policing. Currencies approaching the edge of the zone automatically retreat as ing to push the price further out will leave them on the wrong side of the market.

But adopting fixed zones, especially when the perforinvites speculators to attack the system, say its critics. If level, and the political and economic costs of maintaining it are too large, the virtue of the system becomes its vice and destroying the target a one-way bet for speculators.

Some, such as Fred Bergsten, director of the influential Institute of International Economics in Washington, argue that these faults can be avoided if the permitted bands are set wide enough, perhaps 15 per cent either side of the mid-point. The post-1993 ERM, where bands makers scarred. The 1992 of this size appeared to kill speculation, has made this



idea look more attractive. But other analysts say that target zones this wide will rarely bite. Jim O'Neill, chief currency economist at Goldman Sachs in London, says that if the euro behaves as the D-Mark did against the dollar, very rarely in the past 10 years would 15 per cent target zones have con-

more volatile dollar-ven rate. a wide zone centred on Goldman Sachs' estimate of the equilibrium exchange rate would have had relatively little effect, he says.

One thing seems certain. Whatever compromise on exchange rate policy is thrashed out this weekend, it will be no more structured currency. Even with the arrangements. Those finance

full-blown system are more likely to press for an admission that currency movements are not always best left to the market.

But if exchange rates continue to fluctuate out of policymakers' control, the demand for the irrational exuberance of currency trad-

EUROPE

Lafontaine's balancing act on exchange rate policy

By Wolfgang Münchau in Frankfurt

avoiding embarrassment and ations and avoid excessive failure at the G7 meeting.

Instead, they are now policy co-ordination, starting this weekend and to be followed by two further mam- subject domestic economic moth sessions in March and policy to an external istry has recently been work- cent. This process is seen as

April that include the G7 exchange rate target. plus 30 other countries. The debate in the run-up finance minister and chair-

speculation in foreign exchange markets. The US is firmly opposed to any ambiregimes that would require

to this weekend's meeting man of the meeting, will try greater flexility. The scheme after a currency hits the ceiltoning down their rhetoric has been dominated by Fran-over a new global financial co-German proposals to sta-keeping the issue of a global Filc, professor of economics while avoiding an open con-Rubin, the US Treasury secretary. Strong tensions had agenda of improved global tious global exchange rate been building between the the US administration to this meeting.

two sides in the run-up to The German finance min- ation of more than 10 per threaten the integrity and

envisaged a formal consultation process involving G7 the meeting, sides with the finance ministers and cen- Americans in opposing fortral bankers, which would be mal exchange rate policies. triggered by currency fluctu- He said such policies could

ing on a toned-down version more flexible, unlike formal Oskar Lafontaine, German of a global exchange rate target zone schemes, which system that would allow for require automatic invention was thought up by Wolfgang ing or the floor of its band. the G7, but also internally council of European finance leading policy adviser in the voice on this issue. Wim ity and domestic economic European interest rates, minister, will probably try to frontation with Robert finance ministry. Mr File Duisenberg, president of the

ECB, who will also attend

France and Germany is meeting, in which Mr Lafonimproved policy co-ordinagrowth in the euro-zone. Both tasks will prove diffi-

The ECB has so far shown no signs of reaching out to Mr Lafontaine either. Yesterday, the two sides came head-to-head during the

taine took part in his capaction - both externally within ity as chairman of the Ecofin The Europeans, however, with the ECB - to encourage ministers. Mr Lafontaine has are not speaking with one global mecroeconomic stabil- called on the ECB to cut while the ECB made clear in its February monthly bullesufficiently low to allow economic growth.

The key issue at stake for ECB's governing council

The various policy con-

INTERNATIONAL

Kenya's finance minister resigns after demotion

By Mark Turner in Najrobi

Simeon Nyachae, the ity, frozen in 1997. has resigned following a cab-inet reshuffle in which be influential toes," in his swapped jobs with Francis

Mr Nyachae's demotion and subsequent resignation to serve in his new post. "I has raised concerns over cannot in good conscience to result in the resumption as a consequence of my

Claiming that he had "evi-

efforts to rationalise the Kenya Revenue Authority, Mr Nyachae said that he "morale and commitment" see my removal from the

said. "My experience and the circumstances of my removal from the Treasury any efforts I would make at the new ministry would be would not have had the the continued creation of

enemies." Kipkalya Kones, the minister for public works, who had been pushing to enforce the International Monetary ministry of finance at this weight limits on Kenyan Fund, which were expected stage in any light other than roads, was demoted to research and technology.

yan CID, and Francis Kwinga, the country's longserving principal immigraleave me in no doubt that tion officer. Mr Kwinga reportedly told Reuters this week that the Kenyan destined to merely result in authorities had played a key part in the deportation of Abdullah Ocalan, the leader of the Kurdish separatist movement, but later denied

making the statement In a statement dated Feb. ruary 16 President Daniel arap Moi said it was "neces-

of Kenya's \$205m Enhanced efforts to do the job that I Also moved were Noah Arap sary to effect changes on as an intelligent economist adviser to the IMF Africa Structural Adjustment Facil- was appointed to do," he Too, the director of the Kengovernment in order to with close ties to the establishment, said: "The trip enhance the efficiency of delivery of services". The decision to move Mr

Nyachae stunned donors and the business community. The minister had been seen as a significant figure in Renya's efforts to reform the economy and stamp out corruption. "This was not so much a resbuffle, as a targeted demotion for Mr Nyachae," said one donor. Mr Masakhalia, the new finance minister, is viewed

lishment, but without the political clout to push through unpopular reforms. "The capacity of the new finance minister is far from

Mr Nyachae had been due to visit Washington this month, and a technical team from the IMF was expected to assess the Kenyan economy at the begining of

will be visiting Nairobi in early March and then we'll see. We would not expect the change of minister to lead to a change of policy."

Until the resignation of Mr. Nyachae, donors said the key remaining obstacle to resuming the Enhanced Structural Adjustment Facility was the appointment of a anti-corruption authority

The Israeli party with a religious goal and political clout

Judy Dempsey on the ultra-Orthodox

Shas, power-broker with a clear agenda then Aryeb Deri about it, at least publicly, retain their monopoly over There were no flowers in his births, deaths, marriages large office in central and especially conversions Jerusalem, no birthday to Judaism.

And when Mr Deri appears parties will have the majoron television, he rarely ity through the ballot box," indulges in aggressive back- said Mr Deri. Israel, he stabbing, as most Israeli pol- added, would be governed by iticians do. He appears to be the Halacha, the Jewish the voice of moderation and canon of law. It would not be

determined to shape the vacy of their own homes. The party is Shas, ultra- will be part of any new coali-Orthodox in religion and tion, whoever wins Israel's ation, said Mr Deri, is sim-Sephardic (Jews from North elections in May, And it is ple, When the state of Israel Africa and the Middle East) expected to set a high price was established in 1948, the

What it wants is the presturned 40 last Tues- ervation of the status quo day, he kept quiet whereby Orthodox Jews

"One day, the religious like Iran, he added, Minori-Yet for all these self-effacties would be respected. ing traits. Moroccan-born Mr People would be free to do Deri runs a party which is what they liked in the pri-

The chances are that Shas for its support, especially on founding fathers - Ashken-

Founded in the early east European origin -980s, Shas is the fastest-imposed their will and ideol-1980s, Shas is the fastest-

growing party in Israel. It doubled to 10 the number of seats it won in the 1996 election and has been the power broker in Benjamin Netanyahu's government that it was in the late Yitzhak conform. And, as Mr Deri Rabin's Labour government. Deri admitted in a recent interview, is evidence of the fragmentation of Israeli soci-

ety and the deepening divisions between secular and religious Jews. This fragmentation has allowed Shas to tap into an increasingly large section of society that feels alienated from the state.

The reason for such alien-

ogy on the fledgling state. The new Sephardi immigrants were lodged in temporary camps, or sent to isolated development towns where they were forced to argued, "they had an Israeli, not a Jewish culture imposed on them. Their reli-

gion and culture was suffo-

cated by the Ashkenazim".

azi (and socialist) Jews of

Mr Deri and other Shas officials blame the Ashkenazim, not only for stifling different cultures, but for preventing the Sephardi Jews from climbing up the social and political ladder. The Ashkenazim now con-

cede this point. But instead of using the media to articulate its sense of grievance, Shas has used the education system.

Over the years, the party has developed a network of religious schools - outside the state system - primarily dim families.

If both parents are working, the Shas educational network provides kindergarten, primary and secondary school all day with meals, financed by the taxpayer at the expense of funding for state secular schools. So far, Shas has tapped

into 150,000 families, visiting them, writing to them five times a year and subsidising them. Meanwhile, an average of 5,000 people pass through Shas' Jerusalem offices each month to seek counselling or assistance from the small staff of 18. But, as Mr Deri explains,

Shas has also used its social

people back to religion. In

supreme court, in particular Aharon Barak, its president. Shas officials cannot disguise their distain for Mr Barak, a staunch defender of civil society. In recent deci-

sions, he ruled that Orthodox students in the vehivot or seminaries could no longer be exempt from military service; and that the traditionally-dominated Orthodox religious councils, which provide religious services to the community, have no legal right to prevent the Reform and Conservative movements of liberal Judaism sitting on them.

A law court recently ruled could not legally justify its monopoly on conversions that is deciding who is a welfare network to woo Jew. The Reform and Con- of the theocratic state might



Aryah Deri: An uttra-Orthodox court ruled, had a right to

have their conversions carried out in Israel and recognised by the government. With few politicians willthat the Orthodox Rabinat ing openly to defend the courts for fear of losing the support of the religious parties in May. Mr Deri's vision

Currency boards backed

state of their economy.

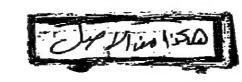
By Jane Martimon, Investo Correspondent, in Landon

encourage investment in developing markets after last year's stock market turmoil. Mark Mobius, head of one of the world's largest emerging markets funds, said in London yesterday. Mr Mobius, who controls

the Templeton Emerging Markets funds, said currency boards were the best way to control government excesses. "Money is too important to leave in the hands of government," he said. "People will begin to gravitate to currency boards, which will be the way of the future."

He sald Russia, which sparked last year's crisis in the world's stock markets when it defaulted on a government debt programme, was a "great example of why currency boards are really needed" after it emerged that the government held some reserves offshore. Mr Mobius, whose funds invest in 44 countries.

remains optimistic about the fate of emerging markets. He sees particular value in Russia, Indonesia and South Africa largely because of potential political changes. Mr Mobius, who admits his fund is among many not to have made money from investing in China, expects a controlled devaluation following talks on joining the World Trade Organisation.



שליו מטועמט.

Mr. 250-4

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Tokyo hoping stay in · 中国 (1) Marie . ASSESSED TO LAND OF THE PARTY O -A Street of the Road The Property and THE PERSON NAMED IN

WORLD TRADE

GREY IMPORTS REPORT SAYS GAINS WOULD BE SHORTLIVED AND AFFECT THE WEALTHY MOST

Benefits of lifting trade barriers queried

sumers in low-income countries would be likely to lose The study, to be published out, because international harmonisation could raise local prices. The study also suggests

accused the Canadian gov-

ernment of assisting Bom-

bardier with illegal develop-

ment and export finance

Neither government has

disclosed the contents of the

two confidential reports,

though the WTO was expec-

ted to find fault with prac-tices in both countries. Ans-

lysts speculated that

Northwest may have waited

to close the deal until after

the WTO decision was

The contract calls for

delivery of 54 CRJ 200LR

series aircraft, a 50-eest jet,

between 2000 and 2004.

Northwest has also taken

options to purchase another

The sale brings Bombar-

dier's backlog to 380 firm orders with 378 options for

its 50-seet and its 70-seat

Canadair regional jets.

which are currently under

The company has won 532

firm orders for the 50-seat

jet, well past its target of 400

when the programme was

Bomberdier, the world's

third largest civil aircraft

maker, had a record year in 1998 for aircraft orders.

released to the parties.

70 sircraft.

launched

short-term by forcing manner taxation and public procurefacturers to narrow price dif-ment, than to grey import

manski of London's Imperial probably be short-lived and rich countries, where prices College Management School, comes at a time of growing import laws in Europe, Australia, New Zealand, Hong and other parts of the world. New Zealand last year abolished restrictions on

nomic Research Associates, controversy about grey an economic consultancy, to products into the EU. prepare a report on the costs and benefits of grey import laws, before deciding they should be liberalised.

government study estimated from outside the EU were markets. the restrictions cost EU con- illegal. Several companies, It also sumers as much as SKr150bn including Honda, the Japanese motor menufacturer. The European Commission are using the court's decihas asked National Eco- sion to try to stop unauthorised cheap imports of their

The study for the IPI, which takes no formal position on the issue, says the whether to recommend that banefits of reform even to consumers in rich countries that international differ-ences in branded product grey imports, and Sweden is ences in branded product grey imports, and Sweden is matter up after the Euro-grey import traders would involved.

petition and reduce prices of prices are due more to gov- Union to adopt similar pean Court of Justice ruled probably absorb much of the branded goods in the ernment policies, such as reforms. A recent Swedish last year that grey imports difference in prices between

It also says relaxation of

grey import laws could reduce the incentive to innovata, because it would make it hard for trademark owners to protect their investments against competition. However, the study cau-

tions that little is known for sure about how grey import markets operate, and that it is difficult to be sure even if the size of the trade flows

UN talks on **GM** trade make little headway

nations. Developed negotiating at the United Nations Conference on biodiversity, are pushing for a streamlined protocol which will not hamper the fast growing trade in genetically modified (GM) organisms.

But after five days of negotiations, the working groups at the conference have made little headway on the most controversial points and talks are now threatening to spill · over into the

More than 170 countries are seeking to approve the protocol, which aims to establish rules for the handling and transportation of genetically modified organisms (GMOs), crops and other products created using biotechnology.

The critical work is still to come," said Worku Damena, an Ethiopian dele-

Ethiopia has become the principal voice of African nations seeking a far-reaching biosafety protocol which would take into account the potential threat which GMOs may pose to biodiversity and socio-economic well-being. Chief among the advocates of a streamlined protocol are the US, Canada, Australia and New Zealand. Meanwhile the European Union is seeking to mediate between the two positions, but some

inclusion of a "precautionary principle" which would give importer countries the right to reject GMOs if they felt they would endanger biodiversity or health.

In a plenary session on Wednesday night, delegates provisionally adopted a num-ber of minor articles but the main articles have still to be resolved. One issue 'is whether the protocol should be limited to the trade of GMOs or whether it should include their derivatives, such as drugs, vaccines, processed foods and cotton

products. Another is whether the protocol should oblige exporters of GMOs to provide paperwork for each shipment, an idea which producer countries consider

A special ministerial session, known as the Conference of the Parties, is due'to adopt the protocol on Monday and Tuesday of next week. But talks have so far been polarised, and there is concern that the various working groups may fail to reach an agreement in time. Greenpeace, the environmental non-governmental organisation, has called for a five-year moratorium on the use of GMOs on the grounds that not enough is known

about their effect on people.

Any economic benefits from removing legal barriers to ferentials around the world. restrictions. international trade in low- . However, these gains cost "grey" imports would mainly affect consumers in wealthy countries, a study has found

by the Intellectual Property Institute (IPI), an independent UK research organisation, says liberalising grey

By Edward Alden in Toronto

Bombardier, the Canadian

aerospace and transporta-

tion group, yesterday announced a US\$1.8hn sale

of regional jet aircraft to

Northwest Airlines, the US

The contract is Bombar-

dier's largest single sale of

regional jets and was made

in head-to-head competition.

with its rival, Embraer of

The deal will solidify Bom-

bardier's position as the

dominant supplier to the US

regional market. In addition

to Northwest. Bombardier

has recently signed

long-term orders with the

regional affiliates of United

Embraer has won smaller

contracts with the regional

carriers for Continental and

The announcement also

comes the day after the

World Trade Organisation released to Canada and Bra-

zil the interim findings of .

two panels convened to

resolve a bitter dispute

At the urging of Bombar-

dier, Canada accused Brazil

of granting illegal export

finance subsidies to Embraer

customers through the Proex

between the compenies.

and Delta Airlines.

Delts airlines.

Bombardier

wins \$1.3bn

aircraft deal

would be concentrated in are currently highest. Con-

that international differ-

The study, by Stefan Say-

US goes

to WTO

on Seoul

World Trade

Korea's refusal to allow

Talks have stalled between

the US and Korea over

be subject to the WTO's

Government Procurement

Agreement, under which

state agencies must open a

certain proportion of

contracts to international

built under the supervision

of the state-run Korea

Airport Construction

airport

Secol

bidding.

Authority.

next 60 days.

(\$19bn) in excessive prices.

US threats over Iran oil field dismissed

Anglo-Canadian consortium that wants to develop an Ira-nian offshore oil field have been dismissed by the two companies involved.

Organisation over South Premier Oil, the UK explorer, and its partner foreign companies to bid for contracts involving the Bow Valley of Canada, were given the go-ahead earlier construction of a new this week by the Tahran govinternational airport near ernment to negotiate the final details of a contract to develop the Balal offshore field in the Gulf. whether the airport should

Yesterday, Charles Jamieon, managing director of Premier, said the statement by the US State Department that it would seek to apply the unilateral Iran-Libya

Threats by the US diplomatic response to approval of the residue.

Anglo-Canadian the Supreme Economic Council in Tehran. lisa allows the US govern-ment to punish foreign com-

panies that invest more than \$20m a year in Iran's petroleum industry, which has only recently been opened to international investment. Mr Jamieson said the European Union and British government's position on Ilsa was "straightforward".

Neither recognises the right of the US to apply unilateral sanctions on non-US compa-The threat of US retalia-

the \$2hn South Pars gas project being undertaken by Total of France, Petronas of Malaysia and Gazprom of Russia. But big oil companies with

extensive interests in the US

are still wary of flouting it.

executive of BP Amoco, said on Wednesday that his company was in regular contact with the State Department about possible investments in Iran. But BP Amoco has so far not asked the US government whether it would object to such investments. Iran has offered more than

40 upstream oil and gas projects to foreign companies as a way to revitalise its oil tory actions under Ilsa have receded since Washington

The \$4.5bn airport, due to **US in S Africa trade and investment pact** be opened in 2002, is being

Seoul has rejected the US US Vice President Al Gore claim that the sirport is a and South African Deputy government project that falls within the jurisdiction of the President Thabo Mbeki yes-terday launched a trade and investment agreement with The US has called for consultations with Korea under the WTO's dispute settlement precedure and can countries. has the right to ask for a

Ms Charlene Barshefsky, US trade representative, said

ment deals with Ghana and in Congress. The African Jackson Jr., has the support from the US textile and the Economic Community of West African States.

The framework establishes a council on trade and investment, composed of representatives of both govern-South Africa, the first in a ments, which will negotiate series of pacts expected to agreements and identify barboost US relations with Afri- riers to trade and investment flows.

However, another strand of the administration's sub-Sahara Africa policy appears labour provisions, intro-to be heading for difficulty duced by Congressman Jesse stimulated strong opposition

Act, first introduced three years ago to great applause from the African diplomatic community, quickly won approval from the House Ways and Means trade sub-

committee and the House

International Relations com-

mittee. But a competing bill, with strong environment and

Growth and Opportunity of the House minority whip, David Bonior; James Clyburn, chairman of the Congressional Black Caucus; and John Convers, ranking member of the judiciary committee. Other key Democrats are expected to sign on.

The administration's African growth bill would open the US market to more African products, including texlabour provisions, intro- tiles and clothing. This has

clothing industry, concerned about transshipments from Asia through Africa, particularly from China. This will cause even greater difficulty in the Senate.

The bill would extend trade benefits available under a special scheme for developing countries - the Generalised System of Preferences - to 2009. But to get it, countries must embark on

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ruling by a WTO panel if no

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Rivals act as US keeps China arms curb



By James Harding in Shanghai

Defence manufacturers from around the world have rushed to do business with Beijing at a time when the US and a handful of other countries have maintained stringent restrictions on

China has routinely been able to purchase a broad range of military technologies from countries where the bar on sales to the People's Liberation Army either does not apply or is

The US began to sell military equipment to China in

Under the so-called Peace Pearl programme, Washingcost-plus contract to sell avionics equipment, including

Disclosures this month about Beijing's build-up of missiles group of leading executives tors have also been eager to that could threaten Taiwan and its systematic acquisition of US military secrets have focused attention on Beijing's military capacity. Here the FT's China correspondents report on the People's Liberation Army and its equipment

fighter control systems and navigational technology, to Israeli, European and even upgrade Chinese fighter

There were other deals in ogress as the Sino-US relationship flourished in the mid-1980s, according to a former US defence official, who recalls discussions on possible US assistance in the development of China's torpedo capability as well as delivery of two sets of antiartillery units which were installed on China's southern border with Viet-

But after the killings in Beijing to crush the Tiananmen Square protests in June military co-operation and barred sales of defence

some Asian suppliers have eagerly sought to fill the

Russia, which needed to find a market to sustain the military-industrial complex developed by the leaders of the former Soviet Union, has been the most active supplier of military hardware and know-how to China in the 1990s.

In the last few months, China has tested its first home-made version of the Russian Sukhoi jet fighter, a sign of the depth of co-operation that has developed between China and Russia's military industries since the 1992 contract to sell 24 SU-27s to Beijing.

China has also bought

Since then, Russian, from Russia four Kilo-class submarines, which have potential cruise missile launch capacity, and is understood to be considering the purchase of more.

> There are 'also two Sovremenny-class destroyers on order, due to be delivered in mid-2000. In addition, Russia is also transferring shipto-ship and air-to-air missile technologie

air-to-air missile technology from Israel and has been in discussions with Israeli suppliers on deals to provide cruise missile tech-

Last year, Yitzhak Mordechai, Israel's defence minister, visited China with a

ASIA-PACIFIC

from the country's main sell equipment to the Chiweapons manufacturers to nese military - the first sale bolster the long-standing of military-related technolmilitary trade.

Israel, which does not Britsin in the mid-1970s. comment publicly on its In the last few years, arms sales to China, is China has been in talks with understood to be working on Britain's GEC-Marconi about technology transfers that the delivery of airborne would enable China to make early warning and control significant upgrades in its systems (Awacs). defence capability. French contractors have

assisted in the development

of sonar systems to improve

China's anti-submarine war-

fare capabilities, according

to defence analysts and Ital-

ian manufacturers have

sought contracts in the sero-

The move by Japane

police earlier this month to

investigate Hitachi Electron-

ics, the precision instru-

ments maker, on suspicion

China instruments that

nuclear weapons, suggests

another source of military

technologies to China - from

budget last year rose nearly

13 per cent to \$10.9bn, more

than the official 7.8 per cent

climb in gross domestic

But perhaps the greatest

2.5m has run into delays,

largely because of the

difficulty in finding

employment for demobilis

economic difficulties.

soldiers because of curren

The delay has hampered

attempts to modernise

training regimes. Most

Chinese officers spend their

performing a narrow set of

low-tech tasks, meaning that

they tend to lack the

versatility of officers in

smartest that China can

offer, partly because PLA

salaries, though now rising,

But the problems in

modernising the PLA seem

mainly temporary. China's

economic rise cannot but

lead to technological

It has already expressed

interest in an aircraft

in regional rather than local

pledged to provide weapons

Perhaps it is partly to

missiles capable of

toward greater involve

security issues.

western armed forces.

are still low.

its Asian neighbours.

space sector.

For example, China is seeking to obtain an Israeli version of the Phalcon surveillance aircraft, which, using advanced radar and computer systems, would enable it to detect small targets such as cruise missiles and helicopters. Military analysts also

report that Israel is helping China build its F-10 fighter aircraft with avionics and radar from the cancelled Israeli Lavi programme. which incorporated American technology and was intially funded by the

Ruronean defence contrac-

Islamists Packer seek to ogy to China came from minorities rules

By Shelle McHufty in Kuala Luigger

If Malaysia's Islamic party, the PAS, wins control of the federal government, it will impose Islamic law on the majority Malay Moslem population but permit the Chinese and Indian minorities the option of being tried under current laws, says the

party's president. Fadzil Mohd Noor said in a interview that Moslems could, therefore, be senof illegally exporting to tenced to death for apostasy. could be used to produce lashes for falsely accusing someone of a very serious

> "For Moslems there is no excuse. Those are basic provisions," Mr Fadzil said. But he insisted it was difficult to convict. Islam requires four witnesses, whose characters must be impeccable as its law is meant to protect the individual and not punish so much as to deter.

Political analysts expect the PAS, which at present controls only one state in the Malaysian federation, to widen its support in the next general election to include long-term challenge for the PLA is the upgrading of its several states in the Moslemdominated north and east. rank and file. A drive to The election must be called reduce its ranks by 500,000 to

by April 2000. Many believe the twothirds majority held by the ruling United Malays National Organisation (UMNO) and its coalition partners in parliament is going to be at risk for the first time since 1969 and that the PAS will be the main

The PAS says thousands of UMNO members have joined its party since the prime minister, Mahathir Mohamad, sacked his deputy and heir apparent, Anwar Ibrahim, and orchestrated his removal from the party. Mr Anwar is on trial on charges of sodomy and related abuse of power. He denies the charges as a plot to punish him for gaining enough popularity to chal-

lenge Dr Mahathir. Many UMNO members say they will vote for the PAS as a protest even though they do not support its Islamic

carrier, the purchase of which would be regarded as Nik Aziz Nik Mat, chief minister of PAS-ruled Kelanthe start of a doctrinal shift tan state, said in an interview that the Islamic laws applying to all those already living under PAS rule in In any case, the most likely Chinese flashpoint -Kelantan, such as the ban on given six months to reduce system defence, poor command and only factors inhibiting concentrate on economic barter for the 200 civilian Taiwan - already has the gambling and nightclubs, potential to blow up into an were appreciated by all religions as attempts to unify the family. international confrontation involving the US, which has

Mr Fadzil, the party president, indicated that the Moslem work week now in force deter Washington that in Kelantan, running from Beijing is building up to Sunday to Thursday, would about 20 Dongfeng 31 not necessarily be imposed intercontinental ballistic on the entire country delivering nuclear warheads | followed the Monday to Pri-

Malaysia Ruling on highlights reassure ownership

By Gwen Robinson in Sydney

Australian media ownership rules came under the spotlight yesterday following a ruling by the Australian Broadcasting Authority (ABA), the government's media regulator, that an influential television and magazine proprietor must reduce his stake in a newspaper publishing company.

The regulator said Kerry Packer, who controls Publishing and Broadcasting Ltd (PBL). Australia's second argest media group, must reduce his stake in John Fairfax Holdings, the news-paper publisher, to 15 per cent within six

The ruling highlighted the rigidity of Australian media regulations and the complex ownership structure of some media organisations.

It was also the latest obstacle for Mr Packer, one of the country's wealthiest media proprietors, in his well known ambition to control the Fairfax group.

The ABA oversees laws which prohibit the same party from controlling newspaper and broadcast media in the same metropolitan

It defines "control" as a cross-media holding of 15 per cent or more

Mr Packer, among numerous business interests, controls PBL, a television and magazine publishing group, through his family-owned company Consolidated Press Holdings. CPH owns 45 per cent of PBL, which in turn owns the Nine TV network and a stake in Fairfax

through its FXF Trust. PBL's Fairfax stake stood at 14.9 per cent when the trust was floated in late 1997. Last December, however, Brierley Investments, the single largest Fairfax shareholder, said it would sell its 24 per cent stake. Fairfax. in turn, said it would buy back 9.9 per cent.

The buy-back would raise Mr Packer's stake through the FXP holding to 16.15 per cent of Fairfax shares, placing him in breach of the cross-media laws, the ABA

However, the Packer family was also granted approval for a "temporary its Fairfax

cent David Flint, ABA's chairman, said the approval was granted because the breach of others".

He denied the decision had anything to do with another family and the Fairfax

Decades before Beijing can challenge Washington in Asia

Military issues are not the only curbs on China's strategic reach, Economic enrichment is a more powerful urge. James Kynge and James Harding write

came as a rude shock to China's military strategists. Television footage of the west's surgical strikes and smart missiles turning lragi street corners served to emphasise the backwardness of China's own defences. The realisation helped shape a

modified military doctrine. Modernisation of the 3m-strong Péople's Liberation Army (PLA), it was decided, required the accelerated acquisition of modern hardware and personnel training for "local wars under high-technology

This strategy's implied requirement of projecting power beyond China's marked fundamental shift toward a military geared increasingly towards offensive rather

than defensive scenarios. It is not surprising, then, that the recent acquisition of advanced foreign weapons, and the development of a significant domestic technological ability, have raised a pressing question: ability How much of a threat has

shores for any sustained period. It will probably be decades before it can dominant military power, close co-ordination between prowess. mulitary observers said.

Indeed, China's mediumterm strategic ambition that China probably lacks appears more nuanced than the information technology

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he Gulf War in 1991 submarines, Sovremenny class destroyers and more than 50 Sukhoi attack jets is primarily aimed at reinforcing its claim to Taiwan, and secondly, to the Spratly Islands in the South China Sea, analysts said.

Taiwan if the island, which split from the mainland in 1949, formally declares Chinese independence. leaders have said since the mid-1980s in published comments that a naval blockade of Taiwan would be the minimum response to a declaration of independence.

Submarines are seen by the PLA Navy as the most likely front-line force if China were ever to attempt a blockade

But, analysts said, apart from the four Kilo-class submarines that China has recently acquired, the rest of its fleet of around 70 submarines is believed to be outdated, or even obsolete. Naval power projection in

the region would be further compromised by its untested to conduct amphibious landings. China has some

The answer seems to be amphibious-warfare ships that although the PLA has capable of landing between come a long way since the one to three infantry early 1990s, weaknesses in divisions. But inadequate air project power far from its training might prove critical

towards Taiwan or the South the army, navy and air force. But military analysts said Its acquisition of Kilo-class addition, any joint operation the sea's gas and oil

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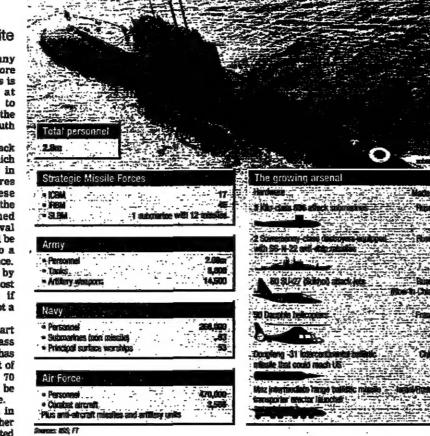
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could be further hampered by the fact that the Central Military Commission is composed entirely of army generals.

Military issues are not the challenge the US as Asia's China Sea would require rather than from military

Beijing's policy on the re-armament. South China Sea shows this principle at work; it suggests that settlement of territorial a straightforward drive for capability for such claims in the area can be left and manufactures weapons state's fiscal burden, leaving regional dominance. co-ordination and, in to future generations while as well as civilian products. less money available for

resources may be exploited Shenyang

years. government recognises that senior Chinese military company executive said. its legitimacy springs mainly officer. For this reason, a Any determined foray from the economic slowdown in economic towards Taiwan or the South enrichment of its people, growth, such as the one currently in progress, can set back military funded by the central

which researches, develops

Aircraft "Deng Xiaoping (the late of China's top indigenous paramount leader) said we fighter jet, the J-8, is now should not fight a war for 50 making a loss and has been We have to forced to accept payment in compromise its ability to control systems, and lack of China's strategic reach. The construction," said one products that it sells, a

> It has also hit the vast affect some of the factory's military-industrial complex, more peripheral research activities and add to the less money available for on to US soil sometime in day week now used in the

his does not affect the company's ability to I make fighters, which is government, but it may

For example, the military spending. the next decade. India, Pakistan at start of a long quest

By Peter Montagnon in Islamabad and Mark Nicholson

It is a momentous occasion when an Indian prime minister goes anywhere by bus. even more so when the desti-

So the arrival of Atal Behari Vajpayee in Lahore tomorrow for the first visit by an indian premier for a decade is bound to spark talk of a new era in relations dogged for more than 50 years by the bitter dispute over Kashmir. The international commu-

nity, alarmed by the nuclear tests conducted by both countries last May, must certainly hope that a real thaw is on the way.

The realisation that both sides now have nuclear weapons has made the Himalavan territory one of the most dangerous flashpoints in the world, says one western diplomat.

Pressure on both countries to reduce bilateral tensions is thus every bit as important as efforts to persuade them to rein in their nuclear programmes. At one level. Mr Vajpay-

ee's trip aboard the new bus service is a high-profile response to such pressure. But just as he will quickly forsake the bus for a helicopter on the last leg of his journey, so there is likely to be a degree of showmanship in

Analysts in both countries

have entered a new, warmer phase, but at best India and Pakistan are only at the start of a long quest for a more normal relationship. "There is a willingness to

focus on issues which stand in the way of improved relations," says Sartaj Aziz, Pakistan's foreign minister. "We can't just go on the way we have for the last 50 years." But he quickly goes on to point out that, as far as Pakistan is concerned, normalisation of relations, which would mean unrestricted travel, cultural exchanges and trade, cannot happen until the situation in

Kashmir is resolved. It would be a mistake to look for concrete results from the Lahore meeting on military matters or even trade, he says. Indian officials insist that

Mr Vajpayee will be seeking meeting with Nawaz Sharif, his Pakistani counterpart. They are coy about details,

but suggestions have included some nuclear confipossibly including agreement to negotiate a "no-war nuclear responsibility. pact" between the two countries. The two leaders may seek to raise the political status of regular bilateral talks by involving foreign ministers instead of just senior officials.

Mr Sharlf will almost certainly be invited to pay a return visit to New Delhi. though he is likely to prefer note that there may be a India and last weekend's fundamentally different view agree that bilateral relations the comfort of air travel.



Indian commentators see turn in relations. At the very least, says Shekhar Gupta. editor of the indian Express, whose interview with Mr Sharif sparked the idea of bus diplomacy, there will be dence-building measures, a joint statement committing each country to peace and

"In concrete terms, it may not seem too much but it would be the first time the countries' two prime ministers have issued such a joint statement since Simla," he said, referring to the 1972 accord between Zulfikar Bhutto and Indira Gandhi.

Indian commentators also number of reasons why Mr visit to Pakistan by indian of how the relationship

Vajpayee is tempted to do even the symbolism of the business with Pakistan. One sides of the political spec- One is that a breakthrough meeting as masking a fresh is the perception within trum. India that Mr Sharif is now well established in office and ations for Mr Sharif are visit to the region by Presilikely to remain the only somewhat different. Though dent Bill Clinton, which interlocutor with whom he can engage. Another is that with his

government mired in economic slowdown and factional dispute at home, a tan as the "religious right". gesture towards Pakistan A grand gesture towards border. The warm reception may be his only means of India would involve unneces- of the Chennai [Madras] finding a footnote in history. sary risk. Even a joint agree- crowd to the Pakistan test Also, the mood in the Indian . ment on quick signature of match was a defining mompublic appears to have the Comprehensive Test Ban ent," says Mr Gupta, "When changed in the wake of the Treaty would lessen the was the last time you saw nuclear tests.

symbolised by the current financial help. Pakistani cricket tour of

he has a large parliamentary majority, he does face opposition from some provincial

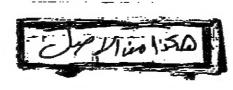
A spirit of reconciliation is donors to provide continued ing peace with Pakistan?" Besides, Pakistan has a hon Bokhari in Islamabad

on treading around the issue of Kashmir, by first building a more comfortable relationship, for example through trade. But Pakistan fears a normal relationship with India would reduce its leverage on the Kashmir ques-Virtually no chance exists

that the talks will go into substantial detail on the two countries' nuclear relationship, or even that the leaders might finalise a deal on the Instead, progress over the next few months looks set to be painfully slow, especially the control of officials who bave no real interest in changing the status quo.

But two hopes remain. in bilateral relations might The political consider- increase the prospect of a would be a political coup for both leaders.

The other is that popular politicians and from what support in India for better has become known in Pakis- relations with Pakistan may incentive for Pakistan's such a groundswell for mak-Additional reporting by Far-



FINANCIAL TIMES FRIDAY FEBRUARY 19 1999

Aalaysia Ruling on damists eek to **cassure** inorities rules

Packer highlights ownership

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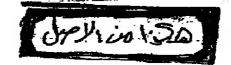
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EPA sued over genetic crop approval

and environmental activists yesterday filed a lawsuit out requiring heavy use of against the Environmental pesticides. In yesterday's there can be a knock-on Protection Agency, the main suit the plaintiffs cited esti-effect on non-target insects US federal regulatory agency mates that up to 25 per cent and organisms. on environmental matters, of the 1999 field corn crop alleging that its approval of various "BT crops" had been with predictions that BT neered plants have the

BT crops have been geneti- acres in the US. cally engineered to contain organism. This is a naturally of BT crops, claiming these occurring, soil-based strain n produces toxins that kill off certain insects. BT corn, in particular, has

would involve BT corn -

The lawsuit focuses on the encourage pest resistance to to treat problems through

in the US because of its abil- ination of non-genetically EPA to withdraw registraity to guard against the dam- engineered crops can occur aging corn borer insect with- when pollen is transferred by wind or insects, and that

"Some BT toxins as produced by genetically engicorn is grown on about 15m potential to be activated more readily, and affect organisms not susceptible to the bacillus thuringiensis environmental implications the original BT toxin, including beneficial pest predators and pollenators such as build up and make it harder lacewings and bees," the lawsuit says.

tions for BT crops and said yesterday that the lawsuit followed up on that application. It formally accuses the agency of breaching several federal acts, including the Insecticide, Fungicide and Rodenticide Act and the National Environmental Policy Act, because of these

The lawsuit does not raise questions about the inherent safety of the crops them-

Listed in the suit are numerous organic farmers, The environmentalists who maintain that their

plants, either through con- than in the US. tamination or because of the reduced efficacy of traditional foliar sprays and/or

Inflation fears

as prices jump

played down

the insect population. Other plaintiffs include Food Safety, the National Agriculture Movements.

granted approvals for eight plant non-BT hybrids. BT crops in the US.

US wholesale prices showed

their largest monthly jump

last month since 1996,

according to figures released

by the Labour Department

yesterday, but economists

said the data did not suggest

a resurgence of inflationary

The producer price index

rose 0.5 per cent after adjust-

ment for seasonal fluctua-

tions, the largest increase

since a similar rise in Octo-

ber 1996, and followed a 0.4

per cent increase in Decem-

ber. But excluding food and

energy - to obtain what

economists call the core rate

- the index fell 0.1 per cent.

Gordon Richards, econo-mist at the National Associa-

businesses have been hit by in Europe, where consu genetically engineered concerns are much greater

But it also comes in the wake of moves earlier this year by the big producers of BT corn and US farmers to develop consistent "set Greenpeace, the Center for aside arrangements. Under this agreement, four of the Family Farm Coalition and leading corn seed suppliers the German-based Interna- agreed to ask growers to set tional Federal for Organic aside 20 per cent of their corn-related acreage as a ref-To date the EPA has uge on which they would

The suit coincides with Philip Stephens, Page 14; fresh, frenzied debate over Americans show no genetically engineered crops Page 11

prices have since fallen and

the increase should be

reversed in February. This

pattern was also reflected in

The increase was enough

to move yearly wholesale

inflation on finished goods

back into positive territory at 0.9 per cent, and the core

rate annually was 2.3 per

cent. But if tobacco - the

price of which has risen 41

per cent over the year

because of lawsuit settle-

ment - were also excluded.

wholesale inflation rose just

0.5 per cent over the year.

The US government is set

to overhaul its main price

gauge today, with changes

that will eventually have an

impact on the annual rate of inflation, Renters reports

from Washington. The

Index (CPI), a measure it

says will more efficiently

other commodities.

NEWS DIGEST

PRESIDENT PROMISES FULL PROBE

Assassination in Ecuador raises fears over violence

Jamil Mahuad, Ecuador's president, has declared times days of national mourning and promised a full investigation after a prominent lettwing congressman, Jamo Hurtado. was gunned down close to Congress on Wednesday afternoon. The incident has fuelled concerns about a spiral of politically motivated and violent crime.

Condemning "irrational violence which aims to submerge Equador in a bloodbath". Mr Mahuad phedgod in a national television address to "exhaust all efforts to find the assassins", A team of experts from neighbouring Colombia arrived in Quito yeslerday to assist the investigation

Politicians across the spectrum called on the novemment to get to the bottom of the killing Although Ecuador was long considered a haven of tranquility between Poru and Colombia, there has been an upsurge in violent crime and armed protest. Many analysts associate the crime wave with growing poverty. Justine Newsome, Quito

FIRE AT POWER PLANT

Energy crisis hits Honduras

Honduras, already struggling to recover from devastation resulting from Hurricane Mitch last year, is now lacend a severe energy crisis after a fire at the country's largest power plant. There are fears that the damage to the El Cajón facility – which provides half the country's electricity supply – will severely disrupt the economy.

Power cuts have been introduced around the country.

bringing businesses and offices to a half for several hours a day. Energy is being imported from neighbouring countries, raising costs for the state-owned electricity company, but there is not enough to make up the shortfall,

A report on damage to the plant is expected to take several more days. James Wilson, Tegucigalpa

MURDER OF BISHOP

Guatemalan suspect freed

The only suspect in the murder of Guatemalan bishop Juan Gerardi has been freed from prison, leaving the controversial case further from resolution. Matio Orantes. a priest who lived with Monsignor Gerardi, had been charged with involvement in his murder last year.

The bishop was killed in April, two days after presenting a report denouncing human rights violations during the country's civil war. Human rights groups have repeatedly accused investigators of covering up details that could point to involvement by the armed forces in the killing.

The decision by a judge to free the suspect leaves pros-ecuting authorities with few leads in the case, although the case against Mr Orantes could be re-opened if new evidence surfaced. James Wilson

On the web today

● Venezuelan business watches Chávaz ● Canadian Reform party seeks to galvanise right • US bank reform law hits snag . AFL-CIO to step up activist role http://www.ft.com/americas.

Argentina shrugs off Brazil effect

By Adrian Michaels and Andrew Balls in London

The recession in Brazil will at most knock 1 percentage point off Argentina's growth this year, Roque Fernández, Argentina's economy minis

ter, said yesterday. Although it was too soon to gauge how the trade relationship between Argentina and its neighbour would fare, Mr Fernández said in an interview that exports accounted for just 9 per cent of gross domestic product, and only a third of that went

The minister, in London yesterday for meetings with the Bank of England and UK Treasury, said he was stick-ing with the official growth forecast of 3 per cent for this year, although that would be reviewed in April when economic figures for the first quarter were collated.

The forecast, made in December, is itself lower than the 7-8 per cent that the country managed in the first

Argentina had already

Brazil's economic problems,

the minister said. Financing needs for the year were well advanced, he said, pointing out that this week's \$1bn bond issue took the country as far as the third quarter in terms of the money it would need to service its debt payments.

The transaction, originally intended to raise \$750m. was increased due to strong investor demand.

"We are not using our contingent funds from the multilateral organisations. We believe we are going to be using the market for the full

Mr Fernández thought that the worst was over in terms of access to international financial markets, sayregional contagion were not noticeably marking down Argentina. "Fortunately there is dif-

ferentiation going on. It took two to three months to recover after the Asian and Russian crises but just three weeks after Brazil devalued accounted for a slowdown in we issued Argentine bonds," cussions would be taking be a good idea".

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in a way, without any prob-

However, if a crists did hit, the International Monetary Fund had already indicated it was "open to discussions" over an extension of Argentina's credit facility.

Dollarisation - under

which Argentina would using the US dollar as its currency - was very popular in Argentina, Mr Fernández said, adding he was "very serious" about the concept. Talks with the US over a

ing that investors worried by scrap the peso and start

monetary treaty had not advanced beyond the infor- Fernández, "dollarising the mal stage, but further dis-

BUSINESSES FOR SALE

Negotiations could take two to three years to complete. However, the Argentine government was prepared to

dollarise very quickly if there was a speculative attack on the peso. "We cannot be defeated by the market. We will dollarise, and that will be the end of the speculation." Argentina's currency

board fixes the currency at par with the dollar, but withdrawing the peso would eliminate remaining uncer-In the long term, said Mr

whole region would probably

Key Windows

Limited

Labour Department is "Inflation remains a paper switching to a "geometric tiger," he said. David Greenmean" formula for calculating the Consumer Price

tion of Manufacturers, said the monthly increase did not herald a rise in inflation. law at Morgan Stanley Dean Witter said a brief run-up in crude oil prices in early January, when the Labour Department survey was carried out, pushed up heating oil and petrol prices, explain-

distribution business:

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take buying habits into Personal View, Page 14

PUBLIC NOTICES

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SECTION 7(7) OF THE **TELECOMMUNICATIONS ACT 1984**

The Secretary of State hereby gives notice as follows.

1. He intends to revoke, later in the year, the Class Licence for the Provision of Mobile Radio Telecommunication Services to Third Parties by Public Service Organisations (issued 28 July 1994), the Class Licence for the Running of Private Mobile Radio Systems, Radio paging Systems and Automatic Location Systems for the Provision of Services to Third Parties (issued 28 July 1994), the Class Licence for the Running of Short Range Radio Alarm Systems (issued 20 April 1989) and the Class Licence for the Running of Telecommunication Systems for the Provision of Radio Alarm Services (Issued 6 December 1941) which were granted by the Secretary of State under Section 7 of the Telecommunications Act and to issue new licences. The licences will be for a period of 25 years subject to earlier revocation in circumstances specified in the licences.

 Various amendments have been made to the licences to bring the conditions and definitions into line with the requirements of the EC Licensing Directive (97/L3/EC), and for other reasons. The draft licences have been examined to ensure the conditions are consistent with those set out in the Annex to the EC Licensing Directive and that each condition satisfies the EC Licensing Directive's requirements to be transparent, non-discriminatory, proportionate and objective. New conditions have been included in the licences on Fair Trading and Access Control services. Various other minor or consequential amendments have been made to the licences to update and standardise the conditions and

3. Representations or objections may be made in respect of the proposed new licences. They should be made in writing by 19 March 1999 and addressed to the undersigned at the Department of Trade and Industry. Communications & Information Industries Directorate, Room 2.79, 151 Buckingham Palace Road, London SW1W 9SS. Cropies of the proposed licences can be obtained free of charge by writing to the Department or by calling 0.171 215 1736. by calling 0171 215 1746.

Simon Moseley Department of Trade and Industry

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LEGAL NOTICES

IN THE MATTER OF LAU WAN FU JOHN, a Solicitor IN THE MATTER OF the Legal Practitioners Ordinance, Cup. 159

TO: MR. LAU WAN FU JOHN Proceedings have been instituted against you under Rule 3 of the Solutions

ary Inbunal Proceedings Rules by The Law Society of Home Kong of led Floor, Wang On House, No.71, Des Voeux Road Central, Hong Kong. The 22nd day of March, 1999 to the day fixed by the Solicitor exciplancy Tribunal for the hearing of the proceedings. The Internal will sit a 3rd Floor, Wing on House, No. 71, Dev Voeux Road Central, Hong Kong, at

0.00 o'clock in the morning. Your attendance will be required at the date, time ad place aforesaid. If you fail to appear, the Solicinos Disciplinary Tribunal may, in accordance with Rule 11 of the end Rules, proceed in your absence. You are required by the Rules to furnish to every other party and to the Clerk to the Solicitors Disciplinary Tribunal at the Registered Office of The aw Sucrety of Hung Kong at least POURTEEN (14) DAYS before the date of

earing, a list of all the documents on which you propose to rely Any party may inspect the documents included in the lest lumished by any ther, and a copy of any document mentioned in the his of any party must, on pplication by the party requiring it, be turnished to that party by the other rithin SEVEN (?) DAYS after receipt of such applications.

In order to reduce the code of the hearing you are invited to inform the Terk to the Solicitors Disciplinary Tubunal not less than SEVEN (7) DAYS efore the date of hearing of any facts set out in the attidavat which are mad is

You are requested to a knowledge the receipt of this motive without delay Dated this 20th day of January, (1909)

ISMAIL S.W. MA Clerk to the Solicitors Disciplinary Tribunal

(N.B. A print of the Solichurs Disciplinary Tribunal Proceedings Rules and copy of the Applicant's application and affidavels in support

can be obtained from Mr. ISMAII. S.W. MA, the Clerk to the Solicitors Disciplinary Tobanal, care of Meson CC Lee & Co., of Roson 805, 8th floor, Hang Song Building, No. 77, Inc. Vagua Road Central, Hong Kong)

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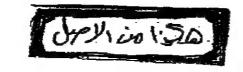
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PARAMILITARY WEAPONS PRESIDENT IS OPTIMISTIC OF EARLY RESOLUTION, SAYS AIDE

cos tears over visit Clinton ready to intervene in Ireland peace deadlock

By Pavid Wighton, Polical Correspondent

Pesident Bill Clinton is ostimistic about an early ed to the deadlock over the hindover of paramilitary eapons and the formation d a Northern Ireland executve, a senior aide said yes-

James Lyons, the US presient's special adviser for conomic initiatives in ireland, said in Belfast that Mr Clinton stood ready to intervene if the parties thought it would be helpful. would be very hopeful, and the president is very that this process

this locally-elected govern- the UK and Republic of ment to take root and begin to operate as quickly as possible," Mr Lyons said.

Northern Ireland political leaders are to see the president at the White House for St Patrick's Day celebrations on March 17, a week after the target date for the transfer of powers from the UK parliament to the Northern

Ireland assembly. Mr Lyons said that if the handover had not taken place by the time of the visit he was sure "the president will be prepared to do whatever he can to assist". Mr Lyons was accompany- resentation in the Royal

Americans show no fear as

Europe mans GM barricades

tion, coupled with subse-

ment media attitudes, play

a big part. 'It comes down to

the groundwork which was

laid here," he says, adding

that almost a decade ago reg-

ulators and many academics

broadly endorsed plant bio-

technology and began an

He also cites a big differ-

ence in consumer attitudes

towards government. He

points to deep scepticism in

much of Europe over regula-

tory safeguards, partly

because of problems like

in the UK and tainted blood

in continental Europe, "US

citizens are willing to give

the benefit of the doubt to

the government." Prof.

Cultural differences also

play apart. "Food is a much

bigger part of the culture in

Hoben says.

the introduction of

genetically modified foods

today steoped up pressure

for a ban by dumping four

tonnes of GM soya beans

outside Downing Street, in

London. Greenpeace said

seven of its volunteers were

bendits, Americans do seem. Campaigners opposed to

education process.

Differences in culture and marketing make

US consumers more supportive of modified

There is little evidence US are various. Professor Hoben.

consumers share the believes years of prepara-

food. Nikki Tait reports from Chicago

concerns of Europeans

"Regardless of how we

about genetically modified

measure consumer percep-

tions, surveys document that

between two-thirds and

three-quarters of American

respondents are positive

about plant biotechnology,"

says Professor Thomas

Hoban a sociologist at North

His view is supported by a

study this month for the

International Food Informa-

tion Council, an industry-

funded organisation in

Washington DC. About 62

per cent of the 1,000 consum-

ers questioned across the US

said they would be more

likel to buy potatoes or

tomaces if they had been

"modified" to taste better or

lyester; 77 per cent answered

e sme when asked about

enete alterations involving

"Vhen you indicate the

to be going for it," says

David Schmidt, IFIC's senior

vice-president for food

Explanations for this

regonse - which contrasts

shirply with attitudes in

many European countries -

inbuilt protection against

inset damage and less use

Carolina State University.

crops and food.

Ireland on a two-day trip to Northern Ireland to meet political and business leaders. Philip Lader, ambassa-dor to London, said the US administration would be supportive in every way it

rement of Northern Ireland. Michael Sullivan, recently appointed ambassador to Dublin, was making his first official visit across the bor-Separately, Tom Hayden, a

ernment that merely increas-

ing the Roman Catholic rep-

- biotechnology's seen as

American farmer," suggests

Doyle Karr at the Iowa

headquarters of Pioneer Hi-

Bred, the largest US pro-ducer of corn seed and a hig player in biotechnology,

agrees. "There seems to be

an emotional attachment to

food in Europe Folks will go

out to est for three hours. If

it takes that long here, we

think there's something

waves of European regis-

tance, such as the furore in

the UK, will influence US

attitudes or whether US con-

fidence will come to rule in

Europe instead. Clearly envi-

The International Center

for Technology Assessment

- representing a bevy of

worried organisations, from

Greenpeace to the Council

for Concerned Scientists -

filed a lawspit vesterday

Burope. As Americans, we Protection Agency, claiming It's a process you can't take

against the Environmental

Campaigners dump 4 tonnes of beans by Blair's street

dumped the beans on the

pavement outside the gates

to the street, which includes

the official residences of the

chancellor of the exchequer.

Lord Melohett, the group's

executive director, withched

amested after a truck

prime minister and

heliave the battle is lost

ntal advocates do not

A hig question is whether

wrong with the service."

something to benefit the

Northern Ireland police policing in the region. Mr Hayden delivered a

increase the proportion of women and ethic minorities in US police forces. He told a Relfast press US senator, warned the gov-

report drawn up by lawyers and civil rights activists warning of the dangers of copying tactics used to try to

conference that for Los internalised the problems of the outside world" inside the stressed that that did not city's police force. "There is still antagonism between the gle member of the RUC".

Iceland.

The only

Supermarket

its approval of "Bt crops"

(engineered to carry internal

Agribusinesses also con-

cedes that US consumer sup-

port needs to be watched. "It's an ongoing challenge.

the protest and warned Tony

Blair, the prime minister, not

Clinton's promotion of GM

listen to the wishes of the

LIK public who want him to

to follow President Bill

companies. "He should

ban gene food now," he

insect resistance) was

ımlawful.

in Britain

that has banned

Frankenstein Food

Of course, there is no conclusive

evidence that GM foods are dangerous

A retail chain yesterday advertised in the top selling UK daily

to numan health However, we are taking



M Ireland first minister David Trimble meeting (from right) Philip Lader, Michael Sullivan and James Lyons in Belfast ye

black police chief," he said. Mr Hayden said the lesson of Los Angeles was that reforming an existing policing system was "very, very difficult".. Reforming the RUC would require "beginning anew", although he mean feliminating every sin-

ented to Chris Patten,

policing in Northern Ireland. In Edinburgh, pro-British unionist leaders met Scottish politicians for talks on the British-Irish council. The "Council of the Isles", proposed under the 1998 peace agreement, will link the parliaments and assemblies of Scotland, Northern Ireland Wales, London and the Irish

Investors 'not being alerted to risks of

Savers are being tempted to move money into high-risk junk bonds by adverts that fail to stress the dangers, Barclays' b2 investment divi-

sion warned yesterday. The warning comes in the wake of a series of junk bond fund launches by big-name managers, begun by M&G in September, that made the sector one of the most popular for new investments. M&G alone has raised £140m, a new Schroder fund that closed last week raised 218m and offers from Perpet-

Junk bond unit trusts mostly held by private investors through personal equity plans - can pay 8 per cent or more because they buy subinvestment grade bonds. against 5-6 per cent on safer high-quality bond funds. But Barclays believes fund managers can only create such ing big risks on bonds from unproven and often unprofit-

John Kelly, investment director of b2, said: "We are concurred that investors are not aware of the risks of these products ... none of the adverts say high risk they all say high yield."

However, junk bond fund managers argue that the higher risks of corporate honds are counterbalanced by higher yields. And M&G disputed Barclays' claims that private investors fail to understand the risks. Tesss Murray, communications manager at M&G, said it had sent out 25,000 copies of its guide to bonds. "I think a lot of people underestimate the investing public," she said.

The latest fund manager to move to junk bonds is Mercury, owned by Merrill Lynch, which is to up the yield on its high-quality bond firmd from 5.5 to 8 per

junk bonds'

ual, Fidelity and Mercury

are under way. able companies

cent by adding junk bonds.

CAR PRODUCTION Output down 6.2% in January

in the US and two cases in Britain.

Car production fell by 6.2 per cent in January compared with the same month a year ago, according to figures yeaterday from the Society of Motor Manufacturers and Tradtially offset by an increase in output for export. A 28.8 per cent drop in output for the domestic market was the big factor in January's decline, to 142,853 from 152,242. In part it reflected production cutbacks at BMW's Rover offshoot and Ford, Industry analysts suggested the underlying situation was not as gloomy as it appeared. A sharp fall in new car demand in January - which is continuing this month - reflects changes in the pattern of demand caused by the ending of the annual August registration plate change in favour of six-monthly changes, starting on March 1. John Griffiths, London

NEWS DIGEST

The noise of a car airbag inflating in an accident may cause hearing loss and persistent tinnitus, according to a

report in the British Medical Journal today. The article sug-

gests injuries from airbags may become more common

because of their popularity in current safety design and

their close proximity to drivers and passengers. Graham

Buckley, consultant otolaryngologist (head and neck sur-geon) at Leeds General infirmary, in northern England, car-

ried out the study with colleagues from St James's Univer-sity Hospital, Leeds, and the Vehicle Safety Research

Centre. The inflation of an airbag can generate a sound level of up to 170 decibels which lasts for just 0.1 second

the findings state. Mr Buckley added that he had heard of

stx cases of hearing damage resulting from airbag inflation

Airbag inflation noise

may cause deafness

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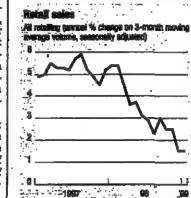
LAW AND ORDER

Minister urges public action

Jack Straw, the home secretary, confirmed his credentials as a champion of the "zero tolerance" approach to crime and disorder yesterday by relating anecdotes about offi-zen's arrests he has made and urging the public to end the "walk-on-by" culture. Mr Straw, urging people to take a stand against low-level crime, said challenging young criminals was the responsibility of all society, not just the police. The National Association for the Care and Resettlement of Offenders agreed the whole community had a responsibility for tackling youth crime but warned it was risky for the public to intervene in any incidents. Mr Straw said: "I am not asking people to do anything I have not done myself." Simon Buckby, London

THE ECONOMY

Bank chief awaits 'soft landing



England, the UK central bank, predicted last night that the faltering UK ing", despite the risk of a downtum in output over the next few months. "The slowdown will be relatively mild and short-lived, certainly compared with saulvalent periods in the past," he said. in an upbest speech

Eddle George, gov-

emor of the Bank of

to an audience at Hertfordshire University, he said economic growth would pick up on the back of stronger domestic demand this year. Output would return to its long-term average growth rate in the second half of 2000. Coming only a few weeks ahead of the government's Budget, his relatively optimistic assessment appeared consistent with the Treasury's own outlook. It reinforced the view that the chancellor of the exchequer may leave his forecast for growth this year, 1-1.5 per cent, unchanged. Together with official data yesterday showing an strong

rebound in shop sales in January, Mr George's remarks added to the growing consensus among economists that interest rates will not fall much further or faster than they already have. Retail volumes rose 1.1 per cent in January from December. Christopher Adams, London

CHARTER AIRLINES

17% delayed in peak season

Flying Colours, Pegasus Airlines and British Airways were the most punctual UK charter airlines last year, while Britannia suffered a sharp deterioration in performance, according to figures out today. The Air Transport Users Council says 17 per cent of all charter flights were delayed by more than an hour during the peak season of April to October last year, about the same level as in 1997. The average charter flight was delayed by 38 minutes. The council, set up by the Civil Aviation Authority to represent passengers, said this performance was commendable, as air traffic increased by 7 per cent and delays to scheduled flights rose 13 per cent. Flying Colours, owned by Thomas Cook, was the most

punctual charter carrier, with 5 per cent of flights delayed for more than an hour. Michael Skapinker, London

Shift to index-tracked funds 'inevitable'

Ivestment Correspo

a continuing shift towards ndex-tracking fund managenent is "inevitable" in the. JK, according to Mark Boleat, outgoing head of the Association of British Insur-

ARI members, which manure about £600bn (\$975bn). nclude both index tracking and active managers. The comments follow the

and pensions proposals, which have provided a fillip to index-tracking managers through their support of lowcost provizion.

Mr Boleat, who has indi-

cated his desire to leave the sure on fund managers. said. "There is no doubt that

tions have got to justify their costs more than they have in the past," he said. But Mr Boleat, who has been with the ABI for more than five years, stopped short of endorsing a manage-

ABI by April, said this week ment style. "Whether good that the trend towards lower or had is entirely a matter charges would increase pres- for the market to decide," he

The underperformance of there has been a shift active managers against the towards passive fund man-index for the past three

government's recent sevings agement and active instituty years has raised questions boost funds managed by about fees charged. regarded as the main losers

of the government's latest unit or investment trust structure widely regarded as a threat to the personal pensions market dominated by the insurance industry.

The government's proposed individual savings accounts are also expected to

index-trackers because of the Insurers were widely low charges demanded by the government standard. The Treasury has indicated pension proposals, unveiled it wants to see greater trans-last month. These backed a parency about fund manager

for granted at any stage,"

Phil Angell, in Monsanto's

Washington office, agrees: "I

can't imagine that some

attention won't be paid to

the pyrotechnics that are

take place in Europe." he

But Professor Hoban also

senses some shift in

regulators, particularly

where there are big, national

commercial interests, as in

Germany. But that is not the

story in the UK. "The UK

has clearly gone more

negative," he admits. "But I

wonder how much of that is

a lingering of the mad cow

says Pioneer.

William Mercer, the consultancy, estimates that 20 per cent of the UK equity market is indexed after growth over the past year. It expects an increase to 25 per cent over the next two years.

Ministers seek legislation over euro preparations

ly Keylin Brown, Industry Editor

egislation allowing povernment departments to repare for UK membership of the single European curency may be needed before ntry has been approved in a ransition to the euro. Business leaders say they

have been given assurances tion in the Outline National Changeover Plan for British participation in the suro, which will be published by the Treasury next week. Gordon Brown, the chanlrawing up plans for the callor of the exchequer, is cabinet will decide to call a expected to make a Com-

mons statement setting out

that the government will for UK participation in the address the issue of legisla- single currency once approval has been given by perliament and in a referen-

The plan, which is thought to he largely consultative, does not indicate when the referendum. However, it suggests an early start on easen-

tial systems changes would reduce the transition period. Business leaders have pressed the government to make a clear statement on its plans for paving legislation, arguing that it is unfair for ministers to urge pro-European business people to make the case for the euro

does nothing.

respond, arguing that nothing could be done until the details of the changeover plan had been finalised by the chancellor's standing committee on economic and monetary union. Legislation is required

because it is unclear while the government itself whether government departments have the legal right to

amounts of public money on preparations for the euro. Departments which would need systems changes, such as the Inland Revenue and Social Security, have been told that they can spend money to determine what changes would be required but there is no legal basis for substantial spending.



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Dedicated to being ordinary

Lucy Kellaway meets the cautious chief executive of the UK's Abbey National who professes to being a joker and a rebel

rity pass containing a pic. He did not appear to be boasting. ture of a young man with big he was simply reporting the hair, big lapels, a big tie and a bushy moustache.

The chief executive of Abbey National, the UK bank, is now clean shaven, with small lanels and receding hair, but still uses the pass he got on his first day with the company in 1977.

The fact he has not lost it in 22 years suggests he is a careful, orderly person. And the fact ha has chosen not to renew it suguests an aversion to waste.

His attitude to waste is also apparent in the private dining room in Abbey National's downat-heel headquarters. Shiny wallpaper, frumpy furniture and off paintings that could have come from Woolworths. The only new things are maroon and grey carpet tiles which seem to have been left over from a branch re-fit and bear no relation to the faded colours in the rest of the room.

Presently Mr Harley comes in, quiet and slightly aloof. He shakes my band with civility and waits for questions. Then, like the accountant he is, he offers cautious, sensible replies,

The room, he agrees, is ghastly. "My office is horrible, too," he says in his serious Scots voice. But he doesn't care. Smart offices send out the wrong signals and, in any case, he is not one to spend much time looking at his

Neither is he the kind of guy who likes a good lunch. Luigi, Abbey National's loyal retainer, brings in a very nice smoked salmon starter which Mr Harley plays with. Wine is poured but he does not touch it.

Cuba. At least I assume that is what he enjoys: his account of the ride he had just completed did not include emotion of any sort, rather a list of reasons why going had made good sense.

He tells me how, after a week of cycling, followed by a five-

In his pocket Ian Harley mine-hour flight in-economy class carries a vellowing secu- be went straight into the office.

> Business, he believes, should have a social conscience. "It he says, is luck. And luck is makes good commercial sense. It something he feels he has had makes good commercial sense. It is good for your soul as well. You plenty of. His first strake of luck have to try and get balance in

your life. He thinks a bit and then adds: "I'm a one to talk about balance as I spend too much time in the

Indeed he leaves home every morning at 6.30. He gets the train into work (other chief executives of Footsie companies might be

'Being passionately ordinary may be as bad as being passionately

extraordinary'

picked up by their chauffeurs, but not he), is in meetings all day and then goes home to his wife and sons.

He does not make it sound terribly exciting. Yet his solid, unflashy style has impressed a lot of people in his first year as chief executive. The City rates

"I've got a good team of people," he says. "They do the work. I almost need to apologise for being here at all." This sounded too self-effacing

to be true. Surely there is an ego in there somewhere? He clears his throat and gives the matter What he enjoys is going on a some thought. "Being passion-250-mile sponsored bike ride in ately ordinary may be as bad as being passionately extraordinary.

Reverse ego or not, Mr Harley knows what he is doing. For one thing he is trying to concentrate on the business tiself rather than on mergers or acquisitions.

Equally, he is trying to make hour Cuban bus journey and sure that the views of people

down the organisation are heard further up. But for all that he is no softy.

"I have to give the impression of being a reasonable man but, at the end of the day, I can be very unressonable if I think somebody is being obstructive. This is not a democracy."

The main thing you need to get to the top of a big organisation, was being born to a family who were happy for him to stay on at school, while most of his friends were out working at 15. His family still live in the same council flat and, despite the fact that their son runs a building societyturned bank, they have steadfastly refused to become home

Harley junior sounds just as frugal. 'I could support my lifestyle on one tenth of my salary, he says, "I don't spend money. I don't have time. It piles up in various forms of investment. Unless my tastes change dramatically it will still be there long after I'm gone." (Last year he was paid £390,000)

His mind is precise, almost pedantic. You ask him a simple question, such as whether he likes going out in the evening, and he will say "yes and no" and then explain exactly what he

Even if you ask him about his television viewing habits you get a qualified response. "I suppose," he says carefully, "I'm reasonable up with Coronation Street and EastEnders. I like a good human interest story."

Yet for all this caution, Mr Harley likes to see himself as a bit of g rebel. He tells me how he always takes off his suit and tie the minute he gets home and how this has got him into trouble at his local church. "I was deputy warden for a couple of years and the older ladies got terribly upset because I never wore a tie. You get to the stage where you wear louder and louder sweaters as a

I try to imagine him in a loud sweater but do not quite manage

As well as a rebel, Mr Harley sees himself as a joker. Evidence



tomised number plate on his Jeep. It cost him \$2,000 and says

"I've got an over-developed sense of humour," he asserts. "Sometimes it gets me into trouble. JIBES is a reminder that one man's joke is another man's

"Every now and again I put my foot in it, by saying something

that is supposed to be funny but

I press for examples and after more throat clearing he says: When I get bored I like to tease the secretaries about their hair, their dress. A woman in the office was dressed head to toe in black. I said: You look wonderful. Have you been to a funeral?" She said: "Yes, I have."

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This struck me as pretty mun-

dane, but I didn't say so. Instead I change the subject and ask why

he has agreed to do this inter-"I'm curious," he says. "I'm always happy to talk to anyone. I'm not in a conventional sense a very interesting person. I don't

> planes. But I do believe that people are important." But what is he doing this after-

> do anything like jump out of

noon? "That's a good question,"

HIM FORE !!

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and make a little

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status (astyrega) THE PERSON NAMED IN

he says. For a minute he seems confused. His secretary, he said would remind him. "Like most men I'm run by the women in my

In the lift on the way down he volunteers no hellos and percifully crecks no jokes about his staff's hairdos. He says nothing And neither do they.

FINANCIAL TIMES

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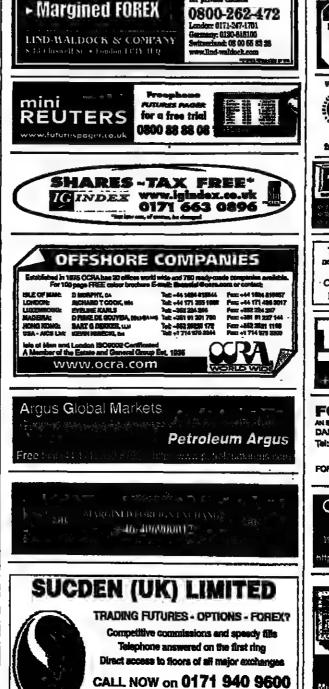
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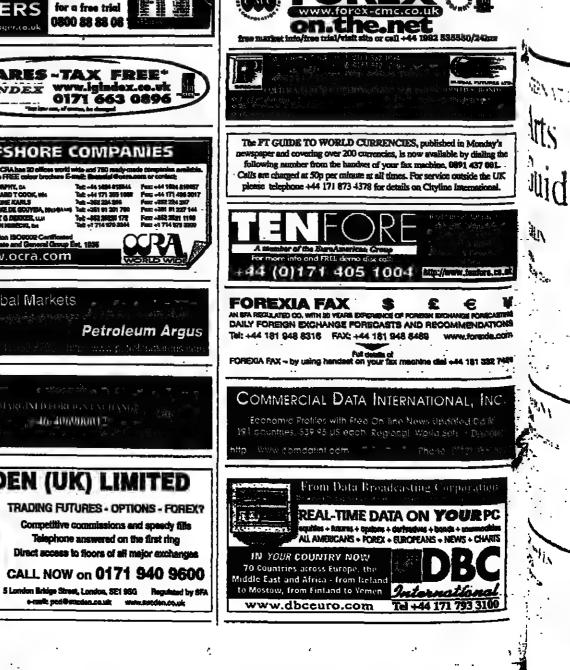
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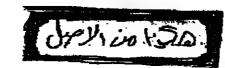
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THE ARTS Asian tiger unsheathes its artistic claws

Antony Thorncroft reports on how the commercial mecca of Singapore is turning its attention - and money - to the arts

not so much a challenge to the Trade Descriptions Act, more a case of well-founded optimism. This hub of commercial enterprise has not so far set the world alight with its cultural achieve-

ments. The main priority of the city-state government has always been getting the economy right. Now, in spite of the economic downturn in the region, Singapore is turning its attention to the moral well-being of its welldrilled population.

It helps that the president, Ong Teng Cheong, was a former arts minister and that the present arts minister, B.G. George Yeo, is a youngish high-flier. The money is available, even in these harder times. What is now needed is example, encouragement, and -dycation.

Fortunately, Singapore is experiencing an unexpected phenomenon - its first home-grown musical hit. Chang & Eng. based on the lives of the original 19th-

"Singapore, Global Arts Centre": century Siamese twins, has bro-tension: should the twins be sur-first purpose built cultural buildken all box office records in a city where a touring show by Lord Lloyd Webber or Cameron Mackintosh does well if it plays for a couple of months.

Chang & Eng is enjoying its third revival at the Victoria Theatre, a splendid Victorian conversion by the river which seats 800. The show has toured China, and Broadway has been mooted. It is providing many Singaporeans with their first visit to the theatre, guided by the Chinese surtitles. They love it.

Much of their enthusiasm comes from its familiarity. Ekachal Uekrongtham, who conceived, produced and directed the show, along with Ken Low, who provided the music and lyrics and Mong Wong, the book, has modelled Chang & Eng on Chinese opera.

It is the plot that makes Chang & Eng, with its black-and white view of the world, watchable: There is one element of dramatic (about £250m) in creating the it is still an impressive structure.

gically separated? The more pas- ings in Singapore. sive Eng hates the idea, the more aggressive Chang wavers. How could Cameron Mackintosh have overlooked the dramatic possibilities in twins, joined at the trunk, who prospered in the US, changed their names to Bunker, became farmers, and fathered 21 children between them? The music may be a pastiche of Lloyd Webber, but Chang & Eng

versatile performances by RJ Rosales and Robin Goh as the twins, and enough of a feel-good factor to lighten up a small town Chang & Eng. together with the Singapore Symphony Orchestra, which occupies the adjoining concert hall - and is achieving around 85 per cent capacity

China, Lan Shui - are providing

the island with its first examples

to emulate. The government is

doing its bit by investing S\$600m

has oodles of charm, winning and

The Esplanade Centre is expected to open in 2002. The final commission of the British architect James Stirling, the Espla-

Singapore is experiencing an unexpected

musical hit

phenomenon - its

first home-grown

nade will provide a 2,000-seat theatre and an 1,800-seat concert under its new maestro from hall, as well as a small studio, on a prime slice of reclaimed land. Economic reality has scaled down the venture from the original five performance spaces, but

With the creation of the Espla-

nade there is no going back. It demands large-scale productions such as Broadway musicals, and equally large-scale visitors, such as the Royal Ballet and the RSC, and the major leading Australian arts companies. There will be no resident groups and Chinese culture will form more than half the repertoire, but the authorities are determined that no big cultural group will venture into southeast Asia without docking at Singapore. The expectation is that ticket sales, restaurants and shops will meet the running

If giant arts centres as a sign of a city's pride have a slightly dated image, one of Singapore's other initiatives to encourage local artists has the ring of the future. The National Arts Council. which distributes a government grant of some S\$25m a year. has taken over some of the abandoned European bungalows and crumbling old shophouses and

handed them over to arts groups. The Arts Housing Scheme has properties offering rehearsal and office space for more than 40 companies, such as Actors Theatre. which created Chang & Eng. the Young Musicians Centre and Dance Ensemble Singapore. The

helping to create an attractive cultural district in Singapore. Fortunately the area is conveniently close to the museums, which are also receiving a facelift. The Singapore Art Museum has been re-housed in the grand 19th-century St Joseph's Institution after a S\$31m refit and has already become the regional beacon for post-1945 south-east Asian

art, while the first-purpose built

museum, an extension for the

Asian Civilisations Museum, is

groups must deliver work of

rising close to the river. After example and encouragement comes education. The National Arts Council expects to have contacts with every school in Singapore by 2005. It is push-

pore has one of the youngest and best educated populations in the world. Audiences are not the problem: the Singapore Festival of the Arts in June, which this year becomes an annual event, is expected to be sold out.

The commitment to the arts is mainly aimed at creating a culturally alert, more imaginative workforce. However the government is well aware of the economic benefits from developing cultural tourism. If you can perartistic worth, but the scheme is suade visitors to spend just one extra day in this great transit city to see a show or an exhibition, the financial gain is tremen-

> Not everything is culturally rosy in Singapore. Most of the funding has come traditionally from business and while most sponsors are staying loyal during growth in cash support this year. The government and the population generally prefer the more spectacular arts events to the more questioning. But with Hong Kong, the traditional cultural beacon in Asia, stuttering, all the signs are that go-ahead, confident, disciplined Singapore will

American theatregoers are so used to having their Molière served up in the carefully combed couplets of Richard Wilbur's durable translations that it comes as something of a tonic to encounter Martin Crimp's vulgar, contemporary, often awkwardly rhymed adaptation which the Classic Stage Company is using for its new production of The Misanthrope.

Crimp's version is ostentatiously up-to-date; and just so we don't fail to grasp that this production intends to hold a glass up to the vanities of today's

When she drapes herself across her suite divan ilke Olympia, she is rresistible

urban audience, the CSC's coldly metallic stage is dominated by a tilted mirror that reflects many of its patrons.

In a programme note, Crimp justifies his topical approach by citing: "When you portray [tragic] heroes, you can do what you like. They're imaginary portraits, in which we don't expect do recognise ourselves... But when you portray real people. ou have to paint what you see. The pictures must be accurate. And if you don't make recognisaworlds then nothing's been

新加州

Crimp certainly struggles hard to ensure the relevance of this story set in today's London and concerning a middle-aged writer and a woman half his age. Sometimes Crimp's references - sexual scandals of top politicians, Holocaust movies with "a feelgood factor" - are timely and amusing. More often, they are shonworn: one character rails at academic postmodernism as relentlessly as a fusty don at high table circa 1988; another snorts the longest line of coke this side of an early Jay McIner-

MUTURES BED

mey novel. The brittle adaptation, however, matters little to many in the CSC audience: they are here to see Uma Thurman. Some have come expecting to bask in her young-Marlene beauty, others, surely, hope to cackle if she trips up. But in this, Thurman's serious stage debut, it is the former claque who emerge satisfied. The actress is even more exotic in the flesh than she is on screen, and if



NEW YORK THEATRE THE MISANTHROPE

Uma lives up to expectations assessment of Rogers and

Brendan Lemon on up-to-date Molière enhanced by a movie star

stage movement are not quite as expressive as those of her co-star, Roger Rees, who plays Alceste, she otherwise acquits herself

To be sure, Jennifer, as Thurman's role is called in Crimp's version, is hardly the most comprehensive test of stage acumen. The character is almost all artifice; it requires poise but not pathos. And the part is almost too well-tailored to Thurman's persona: Jennifer is a movie star trapped by her own charisma, an effortlessly chic creature who has "an open-door policy" with men. Her promiscuity makes sense: when she drapes herself

her verse-reading technique and across her hotel suite divan like Manet's Olympia, she is

Of the many who vie for her favours, it is perhaps the critic Covington who is most delightfully absurd. As played by Nick Wyman, all actor with a rolling basso voice and a 1950s moviestar mien. Covington reads aloud an extract from a play he has written with pompous gles.

His catty commentary on the 1999 theatre scene is a virus caught by almost everyone in the cast: Alceste's friend John (Michael Emerson), the scurrilous journalist Ellen (Adina Porter), the untalented actor Julian (Seth Gilliam) and, above

Astaire: "He gives her class, she gives him sex.' all, a frustrated feminist acting If Thurman is less assured on teacher, Marcia (Mary Lou the stage than Kidman, she is nonetheless considerably more

The most pointed piece of theetre chat comes when one of these hangers-on asks: "Could you really bear/to sit through another play by Ayckbourn or David Hare?". The reference cuts close, of course, because uptown, on Broadway, Hare's adaptation of The Rhie Room features a marquee similar to the Rees/Thurman casting in The Misanthrope: a lovely, stage-inexperienced movie star, Nicole Kidman, is paired with an RSC experienced British actor, Iain Glen. In both instances, one is

'The Misanthrope', Classic Stage Company, Off-Broadway. reminded of Katharine Hepburn's

Reaching the core of the onion

THEATRE

IAN SHUTTLEWORTH

Bvery so often a director will take it into his or her head to stage the unstageable, and high on the list of unstageable favourites is Ibsen's Peer Gynt - written to be read rather than acted. and with an uncut playing time of some six bours. Peer's search for his endlessly receding selfhood strikes a deep chord in our collective unconscious, but actual, physical presentations can all too easily stagger under the weight of gimmickry or flounder in a metaphysical fog.

Not so Braham Murray's profuction, in which Peer – even as, like the proverbial Irish goat, he goes a bit of the road with everyone" - is rooted in a northern solidity. He is more a roleplayer than an outright fantasist, and his core character always shows through; even after assuming the guise of a prophet and adopting a Bhagwan-like "Binglish" lilt, to fool the gullible, his lecherous asides are delivered in

Murray's directorial vision. Threlfall, in his natural shavenheaded state, has the physical and vocal versatility to play both the youthful baggies-and-trainers Peer and the aged man realising with horror that there is no centre to the onion of his personality. It is also a testimony to Mich-

ael Meyer's translation (his 196 version, as pared down for a 1970 production, and running at less than three hours) that, with so few adjustments, it continues to ring naturally even amid such unnatural situations as Peer's negotiations with the troll

in other respects, however, Murray's production is very definitely contemporary: the dance early in the action takes place to a techno-and-banjo accompaniment worryingly close to the loathsome "Cottoneye Joe", and Peer later finds the Philosophers' Club peopled by figures ranging from Marx and Hitler to Chris Evans and Tony Blair (interest ingly, between the printing of the programme and the opening night, Bill Gates was replaced in this scene by the more recognisable Michael Jackson).

Josette Bushell-Mingo provides strong support as, among others, the patient Solveig and the troll princess, but is rather underused: sadly, the same could be said of Espen Skjonberg who, although making substantial appearances as the trollish Old Man of the Mountains and the Button Moulder dispatched to collect Peer's soul for recycling, contributes primarily a sense of authen-

Nevertheless, this is a production which, while steadfastly refusing to impose a directorial or presentational logic on the play (what on earth, for instance, are those human birds doing on their Kirby wires?), makes eminent sense on a fundamental level. Not so unstageable after all.



More role-player than outright fantasist: David Threlfall in the title role

INTERNATIONAL

Guide

BERLIN

66:49-30-34384-01 Rise and Fall of the City of Mahagonny: by Kurt Well, libretto by Bracht, New staging by Günter Krämer, conducted by Lawrence Foster, with designs by Gottfried Pilz and Isabel Ines Glathar: Feb 20, 24

BOLOGNA OPERA

Tel: 39-051-529 999 La Bohème: by Puccini. Conducted by Daniele Gatti/ Paolo Arrivabeni in a staging by Lorenzo Mariani, with designs by Willy Orlandi; Feb 19, 20, 21,

BRUSSELS

OPERA La Monnai Tel: 32-2-229 1211 Lady Macbeth of Mitsensk: conducted by Antonio Pappano a new staging by Stein Winge,

with sets by Benoît Dugardyn and costumes by Jorge Jara;

CARDIFF OPERA Weish National Opera Tel: 44-1222-454 666 Peter Grimes: by Benjamin Britten, Carlo Rizzi conducts a new staging by Peter Stein. With sets by Stefan Mayer and costumes by Moldele Bickel;

CLEVELAND EXHIBITION Cleveland Mu

Tel: 1-216-421 7340 www.clemusart.com Diego Rivera: Art and Revolution. Major retrospective of the Latin American painter and folk hero. Rivers was a pioneer of the muralist movement, and his work is unique in 20th century art. This show features 125 works and includes public and private loans from Europe, Japan and Mexico; to May 2

GLASGOW OPERA Scottish Opera, Theatre Royal Tel: 44-141-332 9000 The Magic Fountain: by Delius. Conducted by Richard Armstrong

in a new staging by Aldan Lang;

LAUSANNE EXHIBITION

Feb 20

Beaux-Arts Tel: 41-21-312 8332 Courbet - artist and promoter, more than 70 paintings by Gustave Courbet (1819-77), including landscapes, portraits and nudes; to Feb 21

> LONDON CONCERTS Berbican Hall Tel: 44-171-638 8891 London Symphony Orchestra: conducted by Lorin Maazel in the UK premiere of his Music for Violin and Orchestra, and in Bartók's First Portrait; and by

Wolfgang Gieron in Tchaikovsky's Symphony No. 6; Feb 24 London Symphony Orchestra and Chorus: conducted by Myung-Whun Chung in Mahler's Symphony No. 2, with soprano Andrea Dankova and alto Sara

Mingardo: Feb 21

Royal Festival Hall Tel: 44-171-960 4242 Mikhail Pletnev: recital by the planist of works by Bach, Mendelssohn, Grieg and Schumann; Feb 21 Philiarmonia Orchestra: conducted by Leonard Slatkin in works by Karel Husa, Tchaikovsky and Dvorák, with

OPERA English National Opera, London Coliseum Tel: 44-171-832 8300 Parsifal: by Wagner. Conducted by Mark Elder in a new staging

violin soloist Cho-Liang Lin:

Feb 20

by Nikolaus Lehnhoff, with sets Raimund Bauer and costumes Andrea Schmidt-Futterer. Cast includes Kim Begley and Jonathan Summers; Feb 20, 23

LOS ANGELES CONCERTS Dorothy Chandler Pavilion Tel: 1-213-365 3500 Los Angeles Philharmonica conducted by Esa-Pekka Salonen in the world premiere of John Adams' Naive and Sentimental Music. Programme also includes works by Haydn and Schumann. With cello soloist Heinrich Schiff; Feb 19, 20, 21

MANCHESTER CONCERT Bridgewater Hall Tel: 44-161-907 9000 BBC Philharmonic: conducted by Peter Maxwell Davies in the UK premiere of A Reel for Seven Fisherman, and by Vassily Sinaisky in works by Beethoven and Shostakovich, with piano soloist Lars Vogt; Feb 20

MUNICH CONCERTS Philliummonie Gastelo Tel: 49-89-5481 8181 Munich Philhamonio Orchestra: conducted by ingo. Metzmacher in works by Schubert and Henze; Feb 21, 22, 23 Prague Symphony: conducted by Tomas Koutnik in works by

Dvorák and Mendelssohn-

Bartholdy, with violin soloist

Pavel Spord; Feb 19 Salzburg Mozart Orchestra conducted by Hubert Soudant in works by Beethoven and Tchaîkovsky, with piano soloist Valéry Afanassiev; Feb 20

erotic, and this fact goes a long

way towards explaining why in

New York just now Crimp's

rewrite of Molière strikes one as

more enjoyable than Hare's inter-

pretation of Schnitzler. The Blue

Room is more slickly directed

(the Molière staging, by Barry Edelstein, sags woefully in the

second act) and has a more pol-

ished veneer. But The Misan-

thrope has rough-and-tumble

and considerable

NEW YORK CONCERTS Avery Fisher Hall, Lincoln Tel: 1-212-875 5030 www.lincolncenter.org New York Philharmonic conducted by Kurt Masur in works by Menotti and Mahler, with mezzo-soprano Jennifer Larmore, tenor Richard Leech and violin soloist Glenn Dicterow: Feb 19, 20, 23

Metropolitan Opera, Lincoln Center

Tel: 1-212-362 6000 www.metopera.org Moses and Aron: by Schoenberg. Conducted by James Levine in a staging by Graham Vick, with sets and costumes by Paul Rrown, Cast includes Philip Langridge and John Tomlinson: Feb 20, 23

NEWCASTLE CONCERT City Hall Tel: 44-191-261 2606 Royal Liverpool Philharmonic Orchestra: conducted by Jun'ichi Hirokami in a programme of French music including Canteloube's Songs of the Auverge and Berlioz' Symphonie

Fantastique, with mezzo soprano

Della Jones; Feb 19

PARIS

CONCERT Théâtre des Champs Elysées Tel: 33-1-4952 5050 Orchestre National de France: conducted by Pinchas Steinberg in works by d'indy, Saint-Saëns and Prokofiev, with piano soloist Jean-Philippe Collard; Feb 19

PRAGUE DANCE

National Theatre of Prague Tel: 420-2-2108 0131 www.anet.cz/nd The Nutcracker: by Tchaikovsky, in a staging by Russian choreographer Jurij Grigorovic, with sets and costumes by Simon Virsaladze: Feb 24

ROME EXHIBITION Palazzo delle Esposizioni Tel: 39-06-474 5903 Algardi: The Other Face of the Baroque. First major exhibition devoted to Bernini's great rival, the Bolognese artist Alessandro Algardi; to Apr 30

SAN FRANCISCO CONCERTS Davies Symphony Hali Tel: 1-415-864 6000 www.stsymphony.org San Francisco Symphony and Chorus: conducted by Vladimir Ashkenazy in works by Beethoven and Scriabin-Nemtin.

With piano soloists Radu Lupu

and Alexei Lubimov; Feb 19, 20

THE HAGUE

EXHIBITION Gerneentemuseu Tel: 31-70-3388 1111 Silver from the time of the United East India Company: display of 17th and 18th century silver; to Mar 21

TOKYO CONCERT

Update

Suntory Hall Tel: 81-3-3584 9999 Yomluri Nippon Symphony Orchestra: conducted by Rafael Frübeck de Burgos in works by Rodrigo and Falla; Feb 19

TV AND RADIO WORLD SERVICE **BBC World Service radio for** Europe can be received in western Europe on medium wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV CNN International Monday to Friday, GMT: 06.30: Moneyline with Lou Dobbs 13.30: Business Asia 19.30: World Business Today 22.00: World Business Today

 Business/Market Reports:
 05:07; 06:07; 07:07; 08:20; 09:20; 10:20; 11:20; 11:32; 12:20; 13:20;

At 08:20 Tanya Beckett of FITV reports live from LIFFE.

animals were slaughtered.

Consumers stopped eating

beef. Transgenic crops are

carried through each

generation. Genetic

modification is forever.

hysteria is a sense of

perspective, a capacity to

And then to add in the

discriminate between, and

evaluate, the separate risks.

gains. There are safeguards.

The regulatory and testing

systems in Britain are as

world. Maybe they should be

stiff as anywhere in the

stiffer. That is a debate

worth having. But they

exist. In North America,

where consumers seem to

shrug their shoulders at the

reality of scientific advance,

millions of acres are already

planted to engineered maize

present trials of such crops

As to the safety of the

supermarket shelves, they

exhaustive tests. Consum

pressure can and should

is vital. The government

agrees to authorise new

products only on the best

scientific advice. As far as

one can tell. Mr Blair speaks

ensure that such ingredients

are properly labelled. Choice

have been subjected to

have yet to cover more than

and soya. In Britain, the

a few football pitches.

foods already on

the truth.

different. Their genes will be

What has been lost in the



PHILIP STEPHENS

A question of trust

The scare over genetically modified food has revealed a crisis of confidence not in science and agriculture, but in our politicians

It's not about soya, stupid. It's about trust. Watching the storm about genetically modified food break over Tony Blair's government, the temptation is to sigh and move on. Usually a sober lot, the British are prone to bouts of inexplicable hysteria. This time a row between scientists over laboratory engineered potatoes has triggered a national panic about "Frankenstein foods". The moment will pass.

Yet to dismiss this scare as a peculiarly British spasm is to misunderstand its significance. Beneath the media distortion, the pressure group opportunism and some genuine cause for alarm lie disturbing currents. They extend beyond Britain's shores. We have been reminded of just how far and how fast science is moving towards remaking the basic building blocks of life. That worries us. And it should. What turns this nanural concern into irrational panic, though, is the erosion of trust between government and governed.

We are told that genetically modified food is safe (Mr Blair eats it himself) and that our environment is protected Ministers produce scientists by the dozen to attest to these facts (forgetting, of course, there are very few facts in this branch of

Yet the public is inclined to scepticism. It suspects the government has fallen captive to big business. It wonders about all those industrialists tripping over the threshold of 10 Downing Street. Who is paying for lunch? Mr Blair is learning fast what happens when politicians lose that most precious of commodities, the benefit of the doubt. On one level I can

understand Mr Blair's present frustration. If he has been beguiled by business he has not be bought by it. The lurid claims now heard about the perils of

biotechnology owe much to invention and more to the political opportunism of his Conservative opponents Readers of the tabloid press have been told that white-coated meddlers want to poison our children with genetically sweetened tomatoes and to destroy the

countryside with insect-repellant soya. We hear about particles of gold and tungsten being coated with DNA before being shot from "gene guns" into living cells. This is beyond our knowledge. And it sounds frightening.

Each attempt by the government to answer the charges with sober scientific analysis has met another spate of scares. In the process, the popular hysteria hea conflated and confused

two distinct issues. One asks whether in eating genetically altered foodstuffs

maize, soya and tomatoes we might wreck the delicate balance of the human ecosystem. How will the bacteria in our guts react to transgenic plants? The second ponders

whether crops engineered to

kill the insects that would

normally feed on them might wreck the delicate balance of nature. Robbed of insects, the countryside could soon be devoid of birds . . . and so on. An abundance of food today might lay waste the environment tomorrow We are right to contemplate these risks. Genetic modification represents a unquantifiable leap. In the past we have been able to rectify mistakes. BSE was a

catastrophe. But for all its

mad cow desease was

containable. Infected

heavy cost in lives and cash

Yet the nation is not ssured. Most of us have always been wary of science. In a famous lecture 40 years ago, the writer C. P Snow spoke of the cultural chasm which separates scientists from the world around them. The arts and science did not even share a common language. That was langerous, he remarked. Nothing has changed.

Thus we applaud the

advances of science but fret about their consequences. The first splicing of a gene eack in the early 1970s has alreedy brought substantial gains. Diabetics are treated with genetically modified insulin, growth hormones are safe, vaccines easier and cheaper to produce. On the horizon lies a genetic cure for cystic fibrosis. Then comes the but. Science delivered us penicillin, sure. t also gave Saddam Hussein his weapons of mass destruction. Is biotechology, we wonder, the godfather of a new eugenics? And was it

not the best scientific advice that BSE could never cross the species barrier from cows to humans?

And if we are suspicious of cience, we are justly cynical about the motives the of blotech industry. These giant multinationals now speak as if their mission is to save humanity, to put food in the mouths of the starving and medicine within reach of the sick. Baloney. Monsanto, a company which has spent many, many millions promoting its image as a guardian of the planet, has one ambition: to create value for its shareholders. There is nothing wrong with that. Business is about making money. But these so-called life science corporations should not expect the rest of us to be conned by their synthetic altruism.

And it is here that the politicians pay for the absence of trust. We expect governments to act as guardians of our interests, firebreak against the eccentricities of scientists and the natural avarice of business. Its job is to sift the good science from the bad. We know, or we should, that all scientific advance involves risk. So does crossing the road. What we expect of the politicians is a regulatory framework diligent and robust enough

Form time to time, the traffic lights must flash red This is no easy task. But the politicians have made it much harder for themselves. Modern political campaigning has become an exercise in character assassination. Even as they pull apart their opponents, today's successful politicians

to minimise those risks.

undercut their own credibility. We don't believe any of them Mr Blair knows now that destroying trust is much easier than building it. The revolution in plant science holds out a prospect of ganuine gains for humanity. But there is no certainty in

science, the more especially when it is mixed up with the profit motive. The politicians need to understand that. And to understand that even when fears seem irrational, they cannot be ignored. There is a Frankenstein monster in this story. It's called mistrust.

with danger."

and 1992 the balance was, on

average, 1.1 per cent of gross

domestic product in surplus;

it was never more than 1.2

per cent in deficit and the

deficits when they occurred

never lasted for more than a

The period since 1992 has

been totally different. The

private balance has fallen

steadily from plus 4 per cent

of GDP at the beginning of

1992 to nearly minus 5 per

cent at the end of 1998. It is

not merely the present size

of the deficit that is remark-

able but the size of its

change over the Goldilocks

period as a whole. The

implied rise in private bor-

rowing is confirmed by the

extraordinary acceleration

in the money supply, from

minus 2 per cent in 1992 to a

postwar record of plus 10.2

The recent annual report

of the Council of Economic

Advisers forecast that GDP

will grow 2 per cent a year

for three years and 2.4 per

cent thereafter. As it gives

few details and little strate-

gic analysis, I have tried to

reconstruct what the CEA

must be assuming will hap-

pen to the private balance

given that it expects the

shown in the right-hand sec-

The projections of the gen-

per cent in 1998.

year and a half.

LETTERS TO THE EDITOR

Time Japan mustered political will

From Prof Ira Solm. Sir, Officials from G7 countries meet in Bonn this weekend to discuss improvements in the global financial architecture. Their focus is likely to be on more timely and detailed disclosures of central bank foreign exchange reserve data, guidelines for limiting short-term borrowing by banks in emerging-market countries and the creation of a forum to discuss ways of

that influence the flow of international capital In addition to the usually opaque and vacuous press elease that normally follows

co-ordinating regulation and

strong and public message to be conveyed to Japan's political and economic leadership decrying the recent practice of trying to manage the world's second largest economy with what amounts to a virtual policy du jour regarding Japanese interest and exchange rate policy. Their latest statements make currency speculators and hedge

fund managers look like pillars of stability.

The time has surely come

for the Japanese to discard supervision of hedge funds, the "snake-oil" remedies. banks and other institutions such as massive infusions of money, that are being contemplated to restart their stalled economy. The Japanese need to dedicate themselves to mustering the politthese meetings, perhaps it is

time for an unequivocally ical will to removate their economy and its failing institutions with deep and long-term structural changes. These will, no doubt, upset many special interests and likely double the unemployment rate temporarily, as happened in the US in the 1984s.

Only economic renewal brought about by real structural and institutional change can provide the optimism and contidence surely lacking in Japan now - needed for long-term eeunomic prosperity.

professor of finance, Montciair State University, Upper Montclair. New Jersey 07043, US

Commission best advised not | Anthropology, to intervene over open skies

From Miss Anne McIntosh

MP, MEP. Sir, Like you, I welcome the signs of agreement for a US-UK open skies accord (February 16). However, news that the European Commission has sent letters of warning to the Netherlands and France asking for information about their open skies agreements with the US should send warning signs to those who are seeking to liberalise the air

transport market. In time, hilateral negotiations conducted by member states of the European Union may be replaced by negotiations at EU level, conducted by the Commission. But that time has not yet come and in trying to intervene the Commission's action will detract from the network of router in the UK and other EU countries that have already successfully negotiated open

skies agreements. The European Parliament any open skies agreement on civil aviation, with the US should extend to Brussels, Belgium

accessing cabotage routes and to more flexible foreign ownership of US carriers This would open up possibilities for both European passenger and cargo airlines. Only if these two criteria are met can we see anything approaching a true open The US does not yet

acknowledge the Commission in air transport agree ments. I believe that these matters are best left in the hands of the governments of member states for the moment. Neil Kinnock, the EU transport commissioner. would be better advised at present to focus on pushing through the Commission's admirable plans to liberalisa the rail sector in Europe on the British model.

Conservative transport spokesmen in the European Parliament, vice-chairman of the allhas consistently argued that party parliamentary group

art and porn From Dr Gerald Horne.

Sir. Your article on the intimate ties between paint ing and photography ("The lens as servant to the master". February 9) raises inferentially another important question: why is it that photographs of bare-breasted African women - such as the one accompanying your article - are considered "art", or perhaps anthropolegical and thus worthy of inclusion in high-minded newspaper. while similar photos of European women are deemed to be "pornography" and are only to be found in down-

market raus? I have my suspicions about the answer, but those with the faintest familiarity with the racialised world in which we live may also be able to figure it out.

Geraid Horne. prof and director. Institute of African-American Research, University of N Carolina. Chapel Hill. NC 27599-5250, US

Number One Southwark Bridge, London SE1 9HL

We are lean to ancourage letters from readers workholds. Letters may be lexad to +44 171 R73 5/39 (set to 40 to 10 eties extendit com Published letters are den avaletie on the FT web site, http://www.FT.com Translation may bu available for letters written in the main intermediated languages. Fex 0171 873 5939, Letters should be speed and not hand written

PERSONAL VIEW CARL BILDT

Embracing the Balkans

community's policy for the Balkans seems to consist of the establishment of a patchwork of protectorates. It is time for the European Union to put forward a more comprehensive and long-term approach to the region.

The 1995 Dayton accord for Bosnia still demands the presence of 30,000 soldiers and many thousands of civilians from other countries as in the Balkans will be far peacekeeners. Much has more relevant to the security been achieved during the past few years, but the peace process in Bosnia is far from self-sustaining.

A 1999 Rambouillet accord for Kosovo is likely to be more demanding and difficult than the deal negotiated at Dayton, Ohio. The interim nature of the peace plan being discussed leaves everything up for grabs further down the road. If the international community has learnt anything from the Bosnian peace process, it is the importance of setting up and sanctions. Serbia's econfirm structures for civilian omy is run by a combination and political implementa-

While Bosnia has been gradually sliding towards a soft" protectorate, with international peacekeeping troops maintaining a handsoff approach, it would appear that Kosovo will require a far more interventionist protectorate.

Protectorates of any kind have obvious drawbacks. Communities are no longer required to solve their problems, or to come to terms with their own future. Conflicts within communities become battles for the support of international actors. And dismantling a protectorate becomes more difficult the longer it remains in

Even with all their drawbacks, however, protectorates are the only option available to prevent conflicts escalating into a major Bal-

kan war. But long-term policy cannot be restricted to the establishment of a patchwork of protectorates in areas where the key interests of the region

clash. In parallel to the immediate issues, we must now start to discuss a long-term, comprehensive approach to the Balkans.

Europe should forge closer economic links kans closer to Europe, but with the former Yugoslav republics to

To deter war is fundamenkans as the new central front in Europe and start to adjust command structures and troop deployments accordingly.

Nato must also recognise that permanent deployment of Europe in the years ahead than deployments in Germany geared to threats which have ceased to exist.

But deterring war is only the first, and perhaps easiest, of the tasks ahead. More important is the need to create structures for co-operation and integration that can stop the region's slide into permanent ethnic conflict Here, it is the European Union that must act.

kans are devastated by wars of mafiosi and the old nomenklatura. Croatia is still refusing to move towards a genuinely open economy. Bosnia has hardly embarked on the process of privatisation. Albania and the wider ethnic Albanian areas are the most poverty-stricken region of Europe. Poverty and despair are not

As part of a big deal for the Balkans, the European Union should be prepared to offer major reconstruction aid to all countries.

conducive to long-term sta-

encourage lasting peace

tal. Nato must view the Bal- of the peoples of the Bal- domestic political systems, kans, from the south of Slovenia and to the north of antees for both the sover-Greece, is to join the European Union. They regard the different political entithemselves as Europeans - ties of the area. and want the world to see

them as such. But the reality is that none of these states will be rine for membership for a long time to come. Their political systems do not meet our democratic critéria, respect for human rights is fragile at best, and very much remains to be done in the area of economic reform.

It would be irresponsible for the European Union to wait for change to happen on its own accord. We would then have to deal with one short-term crisis after The economies of the Balanother. Instead, we should try to devise structures that put them on the road

towards European integra-The European Union should provide the Balkan states with a clear blueprint for reforms that would pave the way for close integration, if not full-blown membership of the EU. In economic terms, the aim should include the possibil-

broader euro-zone. This would entail a transfer of sovereignty in matters of economics and structural issues to EU institutions. This would be important not only for drawing the Bal-

ity of making them part of a

the Balkans.

The author was formerly the EU's high representative in Bosnia and is chairman of Sweden's Moderate party

rent proliferation of barriers and borders in the Balkans. Naturally, all of this must

The long-term dream of all be linked to an opening of and firm international guareignty and the autonomy of

A major international conference could settle the pattern of sovereignty, autonomy and special relations that would be needed in this unique region. This will not immediately solve all the problems of the region. But neither can a solution to all problems be a precondition for these efforts.

Numerous objections have been raised to a long-term policy along these lines. Both in the European Union and in the region, there are those who prefer a policy of selective bilateralism, and raise endless objections to a true regional approach. Old prejudices die hard. But a policy of selective bilateralism will never contribute to the long-term peace and stability in the region.

Bosnia proves the point, If Serbia and Croatia were to be separated on the road towards European integration, the de facto separation line would be running right through Bosnia, thus putting the future of the country into doubt. Neither Franjo Tudiman president of Croatia, nor Slobodan Milosevic. the Serbian leader, would necessarily regret such an outcome, but it should not be acceptable to the EU.

The task of reconciliation and integration is more challenging in the Balkans than it has been in any other part of Europe. Even so, the policies that succeeded elsewhere in Europe should be given a chance to work in

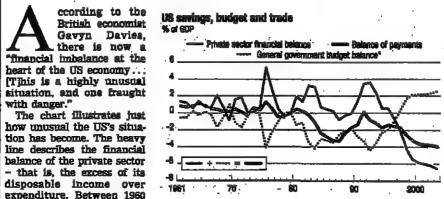
Beyond the Dayton deal and the Rambouillet deal, we must start to discuss the coming European deal for the region. Short-term protectorates can and must prevent wars. But only a long-term policy of integration can pave the way for true peace.

> tion of the chart. eral government deficit are derived from those published by the Office of Management

PERSONAL VIEW WYNNE GODLEY

The US economy: An impossible balancing act

The US economy is facing a wall: personal savings are declining unsustainably. When this stops, as it must, there will be a recession



include state and local government budgets. The poor prospects for world output combined with continued growth at home suggest that the balance of payments will deteriorate further; net interest payments abroad will go on rising because of the increase in the US's net foreign indebtedness. So that the case is not overstated, the projections of the current account deficit are more

and Budget, adjusted to stubbornly faster than income, for the next five

years and more. That is why the press unusual position is fraught with danger. Those who draw comfort for the US economy from the fact that the rise in equity prices has boosted households' balance sheets despite high levels of debt are missing the point. The expansion of the US economy since 1992 has depended on the growth of

The budget surplus would disappear and unemployment would rise to 7 per cent or more

favourable than unfudged net lending to the private I am not predicting a hurrieconometric equations sector; and it is on the conwould suggest.

The implications of these

identity, the private deficit is equal to the difference trade is in deficit. between the government balance and the balance of payments. So if the budget surbalance of payments goes on

tinued growth of that lending that the further expanprojections are obvious and sion of the economy must is clear that there are major alarming. By accounting now depend, given that the budget is in surplus and

This is not a reassuring prospect. Neither the growth in net lending nor the accelplus goes on rising and if the eration in the money supply can continue for ever, breakeconomy to go on growing deteriorating, it follows, as ing records year after year. like this. The results are night follows day, that the Nor, by the same token, can private sector balance must the private financial deficit go on falling. The CEA must continue to disappear down be assuming that the private the plughole indefinitely, for balance will decline ever this can happen only for as tory, with expenditure rising grow exponentially. And, as ics institute in New York

Herbert Stein (a former chairman of the Council of Economic Advisers] once remarked, if something cannot go on forever, it will

If the growth in the private deficit were to level off, so that the expansion of private credit ceased to provide any real stimulus, the US economy would not grow fast enough to stop unemployment from rising significantly. My projections suggest

that if the private balance were to revert to its normal level between now and 2003 not, admittedly, a very strong assumption . the economy would more or less stop growing, with the average growth rate barely positive over the next five years as whole. The budget surplus would also disappear and unemployment would rise to 7 per cent or more.

The impact on the rest of the world would be no less disturbing. Western Europe would be least affected. although unemployment would probably ratchet up another million or two. The most pronounced effects would be in Latin America and Asia which would suffer a fresh round of substantial deflationary shocks.

This is more a navigational chart than a forecast. cane later this year; the US boom may well continue for several more quarters. But it perils ahead and policy will need to be substantially need to be substantially changed if the US is to take avoiding action in a timely fashion. It is my belief that change will involve a full scale rehabilitation of fiscal policy worldwide and that the ideas that underlie macroeconomic policy will have to be revised according to Keynesian principles.

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the Br. Prof.

The author is visiting scholar deeper into unknown terri- long as debt continues to at the Jerome Levy Econom-

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COMMENT & ANALYSIS

S TO THE FINANCIAL TIMES Number One Southwark Bridge, London SE1 9HL
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economy: possible cing act

he would display the

and any hopes of seriously reduc- workers will undermine its posting the 4m jobless total. The pros- tion in the long run.

Friday February 19 1999

Missing the bus

Last May's nuclear tests made the need for a rapprochement between India and Pakistan urgent. Not only do both countries need a closer relationship to manage their nuclear capabilities safely but by moving to resolve their dispute over Kashmir they would lessen the risk of conflict that could now assume catastrophic proportions.

thus as we come as it as constitution. This is the first visit to Pakistan by an Indian prime min-Tomorrow's Labore summit is ister in a decade. Paradoxically, the tests made it possible. Previously, the idea of an imprompto summit - sparked by the inauguration of a bus service between Delhi and Lahore - would have been unthinkable.

Both sides are under pre India has long argued that Kashmir was a bilateral dispute that should be resolved without the involvement of others. But the tests have put the need for a solution under an international spotlight. Pakistan, which spends more than 30 per cent of its noninterest budget outlays on defence, cannot afford a new nuclear arms race. Both leaders know a breakthrough in bilateral relations could help persuade President Bill Clinton to drop sanctions imposed after the tests.

Still they risk producing little more than a piece of extravagant would be hailed in some quarters them to seize the opportunity.

the Simla accord of 1972. But Simla - a pledge to curb aggres sion - has never had much impact in practice. More substance is needed if claims of a breakthrough are to be convincing.

Two possible agreements spring to mind. One is the consummation of the deal, currently in preparation, for Pakistan to bour. The leaders could reach agreement on price and give the the two countries' grids. That would boost the confidence of foreign investors in both countries and be seen as serious evidence

of willingness to collaborate.

The other would be to begin serious discussions on how to minimise the role of nuclear Weapons as a deterrent Pakistan says it cannot define its own deployment plans until it knows what India intends. India talks of minimum deterrence, but refuses to define exactly what it means. At some point there has to be which regrettably now seem inevitable, is to proceed in an atmosphere of restraint.

The chances of progress in these areas - not to mention the issue of Kashmir itself - look slim. But, for once, the politicians have a chance to wrest the dossier away from their officials theatre. A loose "no-war pact", who have proved so obstructive favoured by Indian officials, in the past. Now is the time for

Pulling through

The most important task for the Argentine authorities in the wake of Brazil's devaluation has been to distinguish their economy from their troubled neighbour in the eyes of investors. They are doing a good job. Arguntina seems set to weather the Brazilian storm, albeit with a sharp slowdown in growth. Moreover, talk of dollarisation is investors' nerves.

Brezil's crisis affects Argentina in two main ways. A recession there reduces demand for Argentine exports, while the devaluation makes Brazilian exports much cheaper. Even though. exports to Brazil account for only 3 per cent of gross domestic prod-

uct, this will reduce growth. The other danger is that of contagion through a drying up of international lending to the region, and punishingly high real interest rates - currently above 10 per cent. This was a major cause of Argentina's deep recession following the 1994 Mexican

It is encouraging that Argentina has already been able to access international capital markets, launching a \$1bn bond just a month after the Brazilian devaluation. After Mexico, capital market were closed for six months. However, the government will

have to revise its growth forecast

2 per cent. Much depends on what happens next in Brazil.

A recession - in an election year - is the last thing any gov-ernment needs. But having toughed out the aftermath of the Mexican devaluation, the Argentine commitment to maintain the currency board must be credible However, the spread on pesodenominated loans over dollarresidual risk that recession or politics may force the authorities to abandon convertibility.

To eliminate this cost, or to find off a speculative attack, the government could simply dollarise the economy. Given that a currency board removes monetaiy autonomy anyway, the major costs would be political.

The economy ministry says that it is seriously considering such a move, and has opened negotiations with the US about how it would work, and how to minimise the costs to the public finances of putting US dollar notes into circulation in place of

To a certain extent, these talks are designed to demonstrate the government's commitment to the currency board. But they also reflect an economic and political reality. Convertibility is highly popular because it has delivered the economy from its debilitating, hyper-inflationary past. In of 3 per cent this year. Private the event of a crisis, as yet sector forecasters project a recest unforeseen, the government will sion, with output falling by up to dollarise rather than devalue.

Switching on the competition

Today is the day Europe's electricity markets begin to be liberalised. Max Wilkinson and Andrew Taylor explain the implications

f you want to hear the heartbeat of a unified Europe, forget about the single currency or the European parlisment. Just plug a radio into an electric societ. That background hum you hear is the product of thousands of turbines. all revolving in perfect synch. From Leipzig to Livorno, they form a vast network, almost like

But for decades this co-opera-

tive international system bas not

been an engine for pen-European markets and trade. Indeed, those who set up up the system 48 years ago said until quite recently that traffing power was technically impossible. Europe's grid, they believed, was suited re-enforcing the efficiency of regional power production. Turning such a natural monopoly over to market forces would be crazy. However, today an Rus Union directive comes into force that will permit the open trading of nower on Europe's grid. Largeshop around for their electricity Utilities will be required to put their nower lines under senarab management and to offer fair terms to outsiders for transport ing electricity. Markets in Scandinavia. Amsterdam, the UK and elsewhere are already trading (or about to trade) power as if it were an ordinary commodity.

The implications are huge During the decades of protected monopoly, most European utili-ties guld-plated their systems and built more power stations than they now need. In Germany, for ple, capacity is about 30 per cent above peak demand.

In such a situation, a free market would obviously bring prices down close to the running costs of each plant. In Germany, the cost of keeping a power station on line is around 4 pfennig per kWh. But the price of power to industrial consumers is nearer 14 premings per kWh.

Already, larger industrial customers are using the new rules to drive prices down. German utilities are coy about the size of the reductions they are being forced to offer, but they admit that margins are under strong pressure. Most are planning manpower reductions as a result. A receni study by Deutsche Bank suggested that the new regime would bring cuts of 25 per cent for industrial users. In the UK, electricity utilities have pared costs fiercely since privati-sation and reduced prices to soon be possible ~ in theory. industrial customers by 22 per cent to 30 per cent. Throughout Europe, the direction will be the same, particularly in Germany, Austria and Baly, where indus-trial prices can be 60 per cent-higher than in France, which has

a surplus of cheep nuclear power. When you consider that turnover in the European wholesale electricity business is about \$200bm (\$326bn) a year, the scope

for savings is huge. That, anyway, is the hope. But creating a real market out of the EU directives will be far from easy. The Brussels plan is for a gradual widening of the scope of competition up to 2003, when at least 35 per cent of the market is

supposed to be open. in reality, progress will depend nore on the enthusiasm of individual governments, and the effectiveness of the regulatory regimes. At one extreme, the UK completely deregulated this year. Most domestic consumers will be

plier as easily as they might chose a firm to deliver heating oil

At the other extreme is France, which fought a prolonged rearguard action against electricity liberalisation, and is likely to mplement a very restrictive ver sion of it. However, even Electricité de France, which is venerated as a national institution, is not immune to the virus of market forces. Rarlier this month. Usinor, the French steel group, chose to displace EdF as the supplier of electricity to its steel works in Dunkirk, Instead, it has

chosen Air Liquide. The hig test of the EU project, however, will be in Germany, Nordic countries, has liberalised much more than the directive requires. In these countries, a

However, even where there is a political will to liberalise, there are at least three big difficulties. The 20-year debate about them in the US suggests that they will not be easy to overcome. · First, free markets may pose dangers to the integrity of the

 Second, governments must decide who should pay the cost of "stranded assets" - plant which seemed a good idea to a closed monopoly, but which becomes redondant in an open market. • Third, an economically efficient method of charging for use of the wires must be found.

Of these, the challenge to the integrity of the system is now the easiest to deal with, although many power engineers once thought it insuperable. The problem was, and is: how can a pile of contracts ensure that there will always be enough power availamong the big countries will be able when 1m customers turn their kettles on at once? Since electricity cannot be

stored for emergencies, a market failure in such circumstances could result in a catastrophic collanse of the system with widespread blackouts. To avoid this, a central controller must constantly balance the system, like the conductor of an orchestra, calling in power plant or standing it down as demand varies.

in Germany alone there are eight utilities controlling their own grids, all interconnected and linked with other national grids throughout Europe. Could a free market possibly substitute for the engineering skills that now keep it all humming?

The answer provided by the UK's pool (a stylised spot market for power) is a qualified "yes". There is no reason to think the system is in danger of crashing since liberalisation, But UK pool to be replaced by more conventional markets - long-term and spot - which will keep the system approximately belanced. The grid's job will then be to tweak the operation by calling in extra

This is similar to the system. that is likely to emerge in Europe. Hard questions remain about sharing the grid's costs, but they are not insuperable.

econd, the allocation of stranded costs must be fair, especially to domestic users. If a utility loses a chunk of its market, as EdF has just done, it will be tempted to make its captive customers pay for any useless spare capacity. In some cases, utilities should be allowed to recover such costs, as the Spanish government has recently proposed for its own industry. After all, it is not the utility's fault that the rules have been changed. But the EU competition authorities will be anxious to ensure that recovery of stranded costs does not turn into a concealed subsidy, or a way of stifling competition, for example by inflating transmission prices for new users. Spectacular cases in the US

have shown the difficulties. For example, a misguided effort to liberalise the market under the Public Utilities Regulatory Policy Act of 1979 left some utilities with long-term obligations to buy power from independent producers at hugely inflated prices. In New York State alone, the unnecessary cost - charged to consumers - is \$1bn a year. A partially open market could allow indus-

hope of success.

supplier, thus loading all the excess costs on to householders. Third, Europe's ideas about transmission pricing are in a of "nodal" prices - fixed fees for

trial users to defect to a cheaper

The problem is simple but the solution is elusive. Suppose a supplier in Hamburg wants to send power to a big business 1,600km away near Rome. It might seem that he should be charged for power losses caused by the heating up of the wires, plus a contribution to capital and maintenance costs. Obvious? Many utilities have thought so

But now suppose that another supplier in Rome wants to send the same amount of power the opposite way to a customer in Hamburg. Clearly, the two flows no extra current in the wires, so no losses and no need to pay a large fee. This is not so obvious, But though the contracts span Europe, the electricity makes only a local journey to the near-

But there is another possibility: both contracts might be to carry power from north to south. Then,

the combined flow would make the wires very hot and power losses would, by the laws of physics, be not twice but four times what they would have been for each contract on its own. Prices costs if they are to give consumers and producers an incentive to make contracts that will minim-

ise congestion. Under the present regime, all contractors would be charged multiple entrance and exit fees through the grids of each utility on the way. This so-called "pancaking" would strangle competition with exorbitant charges - as some existing monopolies fervently desire.

However, a working party of grid operators was convened last month to try to find a better way. This should be based on a system partly because the generators complete mess. They must be pumping power into any point in the grid out quickly if a true electricity market is to have any to be replaced by the system is places with abundant power and lower where there is a shortage. They must also be regulated to ensure that grids do not cream

off monopoly profits. To ensure fair play across borders, a Europe-wide regulator will almost certainly be needed, perhaps with some of the powers of the US Federal Energy Regulatory Commission.

But strong regulation alone cannot ensure a flourishing market, as the US has amply shown. To achieve this, the industry must be broken up, separating true monopolies - the grids and local distribution networks with enormous powers to frustrate competition - from the competitive businesses - as happened in

The next stage in continental Europe must be to split these activities into separate companies. But there are big institutional barriers. So that will be another, perhaps very long story.

Heavy Metall

There is little positive one can perous motor industry - well repsay about yesterday's pay deal in resented in Baden-Württamberg Germany's engineering sector. It should prevent an outright smaller companies, and other strike, and a copycat stoppage by engineering sectors, will be badly public sector workers, whose pay claim is also on the table. That would have been damaging to German industry, and embarrassing to the new German government. But an excessively expen-sive pay deal, which yesterday's regional settlement by engineering workers and employers in wealthy Baden-Württemberg seems to be, may yet prove even

more damaging.
IG Metall, the engineering workers' mighty union, says it of the post-war tradition of disciadds up to a 4.2 per cent rise, although the employers put it at a more modest 3.6 per cent. The difference concerns when and how a one-off 1 per cent bonus . will be paid: the base deal is 8.2 per cent across the board. That is now likely to be the benchmark not only for the rest of the German wage round, but also for similar deals throughout the euro-zone. It is well above the German inflation rate, which

adopted for all Germany's 3.4m drms - like IBM - have set up metal and engineering workers, new subsidiaries outside the although some employers' associ- framework, and moved most of ations may yet refuse to go along their workforce into them. IG with it. They are adament that it Metall may find that what looks will hurt their competitiveness, like a good wage deal for the

- may be able to afford it, but

The deal, which was generally expected to he closer to 3 per cent, is likely to discourage any further moves from the European Central Bank to lower interest rates. However it could provide a ing, which is what Oskar Lafontaine, Germany's finance minister, is looking for.

What it is likely to do is accelerate the gradual disintegration plined collective bargaining in German industry. Companies in east Germany, in particular, will continue to ignore the deal because they simply cannot afford to pay full western wages. Already last year up to 40 per cent of eastern companies were believed to be paying below the

It is increasingly apparent that a single pay round for such a diverse sector is absurd. Small dropped to 0.9 per cent last year. and medium-sized companies The deal would normally be have been sliding out of it. Rigger

Theodoros falls on his sword

The resignation of Greek foreign minister Theodoros Pangalos amid a political furore over his handling of the kidnapping of Kurdish guerrilla leader Abdullah Ocalan won't upset everyone by

His lengthy tirades against. Turkey at BU foreign affairs councils, not to mention his embarrassing one-liners, irled many diplomats and European Commission officials.

Most notoriously, his reference to Germany having "a giant's body and a child's brain" didn't impress; neither did his remark about the Turks being allowed to "drag their bloodstained boots across the carpet" in EU capitals go down particularly well.

Pangaios is shouldering the blame for what the Greeks, generally ready to make friends with any enemy of Turkey, saw as Ocalan's betrayal. His unexpected clowniall is the heavy price demanded of him after he refused to grant Ocalan political asvium and was trying to distance Greace from the whole

Will Pangalos be missed? The conseneus is not much at his ministry, according to career Greek diplomats who weren't especially partial to being on the receiving end of his legendary short fuse. But in chastened mood yesterday, all he could

manage was: "At least I never

Soft cell

The course of justice can take some curious turns in the Philippines. Take the case of Congressman Romeo Jalosjos. The 58-year-old in currently serving two life sentences for molesting children. Despite his incarceration, he was re-elected lest March and has kept his job while the semimose are

But it's the nature of his internment at the new Billibid prison complex that's raised most eyebrows. Philippine prisons are usually known for their squalid overcrowded He was apparently assigned a complete prison wing, intended for 796 prisoners, and allowed to

renovate the place.

Improvements included a tennis court, burger stand, billiards room and two guest houses where he met constituents. His own room included air-conditioning, a bathtub, television and an exercise machine. So after a predictable public outcry. Jaiosjos has been moved to a less luxurious prison cell. Anyone

ice cream soap

The odd business glitch doesn't seem to do much harm to the

highest fliers at Anglo-Dutch Consumer colossus Unilever.
The new Dutch co-chairman

OBSERVER

Antony Burgmans, head of the group's European ice cream has been fighting a valiant but losing battle against regulators convinced it's abusing its market position. Last year, its irish subsidiary was found guilty of breaking EU law by excluding rivals from the freezer cabinets it supplied to retailers. Now the UK operation is facing its third Monopolies and Mergers Commission Investigation in six years, having been pilloried in

distribution system. Niall Fitzgerald, the other co-chairman, also had a torrid time before being put in charge of Unitever's UK wing. As king of the detergent business, he launched Persil Power, the wonder product withdrawn after tabloids screamed "Monster

Fitzgerald used the debade to argue that Unilever had to become better at product innovation and handling complex multinational markets. Such brio restored his standing. No doubt Unilever has decided Burgmans, too, is a better man for spending so much time being grilled under a regulatory heat.

Clumsy Krugman

Much schedenfreude among the economists and politicians

who've suffered from the acid pen of Paul Krugman, the Massachusatts Institute of Technology economics professor and everyone's shoe-in for a Nobel prize one day. Krugman's humillation began

with a column last week in internet magazine Slate, in which he alleged billionaire speculator George Soros started buying Brazilian bonds when he discovered one-time adviser Arminio Fraga was negotiating a top job in the Brazilian government. Fraga was later appointed president of the central bank, news which sent the market soaring.

Trouble was, Krugman didn't have a shred of evidence. So with Soros, Fraga and every Brazilian government official denouncing the accusation, he was forced into what, at first, was a grudging retreat. But by Wednesday, he was admitting a serious error and yesterday it had become "one of the worst mistakes of my life". In response, Fraga wrote to Slate saying that "not in my worst nightmares did l imagine my name and the word corruption could be together on the same page."

But there's one encouraging word for Fraga. With many of the big-name US economists loudly criticising the Brazilian government's efforts to stabilise its currency, there's now one high-profile academic who will probably give him the benefit of

for example, in the UK.

Ginancial Jimes

50 years ago

'Healthy' U.S. Prices

Washington, Feb. 18. President Truman's leading economic adviser said today that everything would be all right if people would avoid "getting jittery" over "healthy" price declines. Dr Edwin G. Nourse, chairman of the Council of Economic Advisers, reporters at the White House after conferring with the President. He said the country was in a period of

He was not alarmed over price declines unless "people get jittery and get out of the market". If the country should "get into the jittery stage", the situation might be "snowballed into a recession".

Banks in Norway Norwegian banks are not to be nationalised, according to reports of the annual meeting of the Labour party in Oslo. but Government interference with banking operations is to

be extended. A special Labour Committee proposes that steps be taken so that "the Government can influence and control the policy of the banks to a greater extent than hitherto."

FINANCIAL TIMES



FRIDAY FEBRUARY 19 1999

THE LEX COLUMN

Good on paper

Aegon is the latest European company to take its high-flying shares and go shopping in the US. Euro-mania and consolidation hopes have driven up European insurance stocks. Aegon, with its great record - a total shareholder return of 38 per cent a year over the past decade - is at the top of the heap. Its shares trade on over 30 times earnings and four times book value. That means it can offer \$9.7bn for Transamerica, a chunky 35 per cent premium, and still be paying only 19 times earnings or twice book value. unlikely to cause its shareholders jitters. Transamerica investors, by contrast, might look askance at receiving lavishlyrated Dutch paper. But given their group's indifferent past performance, they will probably just happily pocket the pre-

Of course there is business sense to the transaction. Aegon already has a substantial US operation, so the two can pad out each other's product lines and distribution networks, save \$150m and make hetter use of Transamerica's brand. But this is basically a combination of two secondtier US life insurers, which even together will remain relatively weak in fastergrowing areas like equity-linked savings

All in all, this deal seems driven more by financial engineering than industrial logic. The suspicion is that Aegon would really rather have bought in Europe, but found the prices too high.

Gucci/LVMH

Big swinging handbags! By swallowing a juicy poison pill, Gueci has put a stop to LVMH's creeping control. A Gucci employee trust, by exercising freshlygranted options on 25 per cent of Gucci's expanded share capital, has effectively diluted LVMH's voting power, but not economic rights, from 34 per cent to the same 25 per cent level. If LVMH raises its stake, the trust will exercise more options to

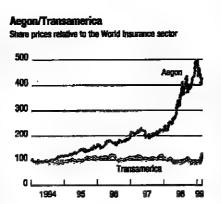
maintain voting parity. Voting control of the revived fashion house will thus rest with the remaining shareholders. Gucci management claims LVMH's plans to put its own men on the Gucci board are tantamount to a no-premium takeover. Assuming other investors agree, LVMH will be stuck as a large and angry minority shareholder. One consola-

Features

Northern Ireland first minister David Trimble, left, meets Phillip Lade eador to the UK, and Michael Sullivan

by to Dublin, second from right. Report, Page 11

发展的学校学生的表示。



tion would be that Gucci would retain the services of Tom Ford, its sensitive chief designer, and Domenico de Sole, chief executive. Both might leave if LVMH

gains control. in the absence of an offer for all of its shares, this unsatisfactory stand-off is the least bad outcome for Gucci shareholders. The only economic impact of the poison pill on existing shareholders will be if LVMH walks away and the bid premium drops out of Gucci shares, which have outperformed the Dutch index by over 50 per cent in the last three months. Since LVMH is being actively encouraged to make a proper offer, this should not happen. But this mess shows the need for a proper Dutch takeover code.

Carrefour

It must have been relief that sent Carrefour's shares soaring. The retailer's results were decent enough. But the market was more excited by the company's scary worst-case scenario for Latin America. There is nothing like setting a floor under expectations - not to be confused with a profits warning of course - to soothe market fears. And full credit to Carrefour for doing just this. It reckons that even if profits collapse in Brazil and Argentina - two big markets - by 50 per cent and 25 per cent respectively, the group should still push up earnings before interest and tax by 20 per cent this year.
Some caution is needed. The figure will

include Carrefour's latest acquisition, Comptoirs Modernes. Organic growth

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should still be "double digit", which may mean closer to 10 per cent - compared with 16.4 per cent for 1996. That, though, is still respectable.

Latin America aside, investors have plenty to be bullish about. France, Carrefour's safe home market - courtesy of restrictive planning laws - is throwing off cash which is being ploughed into investments abroad, notably Asia. Carrefour's knack of spotting markets early and its merchandising skills are impressive. But the company is also improving its weaker areas, logistics and supply-chain management, which contributed to better margins. The shares underperformed the French market last year, but yesterday's results should lay some ghosts to rest.

Glaxo Wellcome

What a relief. Glazo held annual sales at £8bn, despite losing £800m from patentexpired Zantac, and lifted underlying earnings per share. It needed a couple of twists to do this, from capitalising software spending and extra sales ahead of a price increase. Were Glazo in an out-of-favour sector, this sort of thing - and the emphasis on constant exchange rates would be called smoke and mirrors.

A year ago Glaxo might have hidden its awkward transition behind a merger with SmithKline Beecham. In fact, the post-Zantac story is convincing. The rate of drug releases demonstrates improved search and development productivity. But does this justify a price/earnings ratio of 36 times forecast 1999 earnings? Few question Glaxo's ability to produce double digit sales growth for the next few years. But maintaining 33 per cent operating profit margins will be hard. A diversified portfolio is more expensive than one dependent on a few blockbusters. And any skimping on research and development or marketing risks sacrificing longer term

The current rating suggests Glaxo can grow at twice the UK market average for at least a dozen years. This is not implausible because of pent-up demand for treatment and Glazo's new freedom from patent expiries. That it allows little for risks - such as US drugs spending slowing - is common to the sector. Glaxo's rating should continue to match all but

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Brussels urges changes to EU companies' accounting

MOVE TOWARDS GREATER HARMONISATION OF FINANCIAL REPORTING STANDARDS

countancy Correspondent

Far-reaching changes in the reporting methods for listed companies in the European Union are being urged by the European Com-

The proposals would require companies to switch to "Anglo Saxonstyle" transparent accounts that use international financial reporting

The plans mark a big step towards creating a single market for investors, but could trigger opposition from countries worried about excessive Brussels-driven harmonisation. Under the plans, companies in member states such as Germany

would switch from traditional taxbased accounts to much more open consolidated accounts. In the UK, companies would see earnings depressed because they

would be required to make full provision for deferred tax. The Commission's plans were discussed last month at the first meetservices within the EU.

Any decision to move to harmonsed accounting standards across the EU would require the backing of EU finance ministers, but experience in other areas - notably taxation show that pressures for harmonisation are growing.

"It's all happening very quickly and it is being driven by the introduction of the euro," said one inter-

national regulator.
The Commission's preference for companies to be "obliged" to follow international standards raises the possibility that an EU institution might be given the role of policing a financial reporting regime for all member states

A European Accounting Standards Board may also be established

It also raises the possibility of a single financial reporting regime for the euro zone. This could involve the UK losing its independent rules, at least for listed companies if it signed ing of the Financial Services Policy up to monetary union. Companies

Group - set up to speed moves to listed in France and Germany create a single market in financial already have the option of using international standards. The UK's position is unique because it helps to write international standards, but requires companies to follow its own

The UK's Accounting Standards Board has tried to march in step with international standards but has opted out of those rules that it thinks are sub-standard.

The Commission's views show support for the International Accounting Standards Committee, led by Sir Bryan Carsberg, which writes international standards and which this year will seek tho endorsement of leading stock mar-

dards for companies "whose equity or debt instruments are publicly traded". EU directives would continue to govern those companies that do not trade pub-

European companies will hope that a compromise may be found in

Greek ministers resign amid political crisis over Ocalan

By Kerin Hope in Athens and Leyla Bontton in Ankara

Theodoros Pangalos, Greece's foreign minister, resigned yesterday as the country's Socialist government tried desperately to avert a political crisis over Turkey's capture of Abdullah Ocalan, leader of the

PKK, the Kurdish guerrilla move-

Bülent Ecevit, the Turkish prime minister, whose political prospects have been buoyed by Mr Ocalan's capture, said Greece had got what it deserved. "Greece is paying the price for its support of the PKK. Whenever a state has tried to interfere in Turkey's domestic affairs it has faced problems at home."

Mr Ocalan was seized in Kenya on Monday after leaving the Greek embassy in Nairobi. He was put on a flight to Turkey.

Germany, fire-bombings continued for a second night against Turkish targets. The killing by Israeli guards of three Kurds who tried to storm the Israeli consulate in Berlin on Wednesday prompted petrol bomb attacks on Turkish offices.

The departure of Mr Pangalos, a close confident of Costas Simitis, the Greek prime minister and a prominent Socialist moderniser, marked a concession to the party's hard left faction, the most vociferous critic of the foreign minister's actions.

Two other cabinet ministers also stood down. Alex Papadopoulos, interior minister, and Philippos Petsalnikos, public order minister, took responsibility for Greek security and ntelligence agents' involvement in harbouring Mr Ocalan briefly in Greece and arranging his flight to Kenya. Both denied accusations that Greece colluded in his capture.

Mr Simitis promoted George

Socialist patriarch, Andreas Papandreou, to the post of foreign It was not clear whether the resig-

nations would be enough to deflect criticism of Mr Simitis. Socialist deputies and party members called for an immediate party caucus. Officials said Mr Simitis was considering a broader cabinet reshuffle ahead of next month's party congress.

In Turkey, Mr Ecevit continued to reap the rewards of the Ocalan affair before elections in April. The last similar boost to his domestic popularity was in 1974 when he ordered Turkish troops into Cyprus.

Separately, Kenya's government yesterday removed its top immigraedly contradicted the foreign minister by saying Kenya played a key role in Mr Ocalan's capture. He later denied making the statement.

Executive Director

Corporate Str

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London peacefully yesterday. But in and American-born son of the late Kenya cabinet restuffle, Page 4



GLORAL REACH

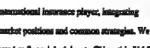
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V2 Music (Holdings) PLC £144 million issue and facilitated the company's business plan with this first-ever high yield "units" praymention for a music comcany

MORGAN STANLEY DEAN WITTER

Scandinavia will have a more prolonged fall of snow, with sleet in Denmark and near western coast France will be mild but cloudy with heavy rain. Germany and Austria will have snow at first, but this will turn to rain as a warm front moves eastwards. Switzerland will be wet, with fresh snow over the Alps. The Mediterranean will be mostly dry with sunshine but there will be east.

Northern Scandinavia will be very

cold with snow showers. Southern

Five-day forecast

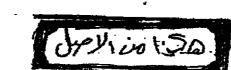
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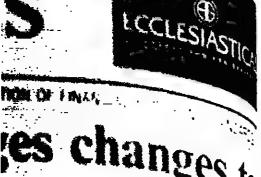
Scandinavia will have more snow over the weekend with rain in the far south. Central, western Europe and Mediterranean will also have rain this weekend. Spain will stay dry and suriny away from the

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RICHARD DONKIN

Motivation philosophy

strength of the Microsoft

On the downside, the

level of intellectual

desire to improve the

motivator, After poor

earnings in 1996 it asked its

2.600 most senior employees

to take a 5 per cent pay cut. The decision may help to

increase motivation across

the workforce in that the

company's top earners can

be seen to be bearing the

At Guinness, too, there was an admission from a

human resources executiv

that the performance

brunt of the nain.

stock programme were other

strong forms of motivation.

A new report has described motivation of staff as the 'missing link' on pay strategies

How important is pay in motivating people to work? According to a new report from the Economist Intelligence Unit, Motivoting and Resourding Managers, a bilosophy of motivation is the "big missing link" in the pay strategies of human resources specialists,

Few companies questioned had thought about what motivated their employ Many are daunted by academic theory on motivation, says the report, and rely on simple pay formulas in the hope they will coincide with whatever motivates their staff.

Some companies featured in the report, however, are looking more deeply at motivation. Microsoft, using employee surveys and focul groups among existing and former employees, found that enthusiasm for their work was the most important motivational

among people who had left colleagues at their new company was poorer. Belief in the business strategy and terms of making anyone work harder. He looked upon such bonuses as a way of communicating priorities" for the business. The report concludes that

company has highlighted a number of pressures different probesional groups respond to different pay influencing the decisions of people to leave. One is strategies. The governmen is about to learn this when it burn out due to the pace and attempts to introduce teaching. competition, another is a Sometimes the age of

balance of work and employees can make a difference. Young managers domestic life. An increasing concern of employees is the says the report, tend to be rising level of bureaucracy more interested in cash... associated with the company whereas their older colleagues are interested in becoming more structured and process-oriented. Hewlett-Packard appears to be banking on the ballet One way of discovering that money is not a prime

what people value is to esk thong When Marks & Spencer did this in Hong Kong it found that employees wanted share options. They were also interested in training and broadening their education The company responded by introducing an education monsorship scheme, paying 70 per cent of fees for courses such as MBAs. The report includes a

broad range of case studies

and analysis in the "who's

a wider form of 260 degree appraisal, it calls this broader appreisal, which includes input from customers and suppliers in addition to appraisal by superiors, peers and subordinates, "540 degree appraisal". This is neeningless. Why can't numan recources people talk about "all-round appraisal". and leave it at that? Motivating and Revarding Managers is published by the EIU, price £296, tel + 44 171

doing what" mould. My only

institution was a reference to

Tough love The rise and rise of Deniel Goleman, author of Rmotional Intelligence and the subsequent

830 1007, a-mail:

nanagement-oriented Working With Emotions intelligence has been quite spectacular. His latest coup is a "strategic partnership" with the Hay Group. The

both Mr Goleman and Richard Boyatzis, an ssociate deep at Case Western Reserve management school. The deal means that Mr Goleman and Mr Boyatzis have agreed to supply Hay with training and marketing assistance. Most importantly it meens that their names can not be used to

marketing by anyone else. since both men have anjoyed a long association with Hay

through Hay/McBer, a business based on the work of the late David McClelland the founder of the competency movement. Hay provided much of the groundwork research, date and analysis which Mr Goleman used in his books.

What a pity for Hay then, that there is no patent on the phrase "emotional intelligence". No sooner had Hay been explaining its development of a new test or emotional intelligence or

There are tests for everything, Including one to discover whether you are an alien

"BQ", than I discovered that two directors at Henley Management Centre in the UK were working on their

Victor Dulewicz, head of HRM and organisational behaviour at the Centre for Management College, and Malcolm Higgs, a client director at Henley, devised the test after first looking for evidence of emotional ntalligence in a seven-year

follow-up study,on a group QÍ 100 managers. Assertiveness, organising ability and controlling and managing staff were evident of traits associated with

nterpersonal sensitivity Mr Higgs describes this combination of hard and soft traits as "tough love", a more graphic illustration than you usually get from psychologists. The research say Mr Dulewicz and Mr Higgs, confirms the role of emotional intelligence in management success. They have also devised a test, for

use in developing emotional intelligence in managers. **Emotional** intelligence tests are not new. There are several to be found on the internet but few, if any, appear to have been created with the rigour applied by the Henley team. One internet test, for example begins with the question: When I feel crappy, I don't

know what or who is

come tick boxes. In fact there are tests for ust about everything on the internet, including such gems as The Daily Star Trek Test, The Nerd Test, a test to discover whether you are an alien and my personal favourite: "Are you insane?"

upsetting me," followed by

There were sceptics who dismissed emotional intelligence as nothing more than a marketing concept. There may be something in this, but the Hay initiative and the Henley test research have demonstrated the way academics can develop successful partnerships with business. They also confirm that this particular brand of psychometric alchemy is a goal worth pursuing. After all, it is difficult to sell what you cannot measure,

richard.donkin@ft.com



Companies look increasingly to executive share option schemes

Share option schemes appear to be winning the battle for popularity over long-term incentive plans (LTIPs) as a means of creating a share incentive for executives, according to research among newly floated UK companies carried out by New Bridge Street Consultants

The study found that 40 of the 42 companies floated in 1998 adopted executive share option schemes, while eight companies had an alternative LTIP.

Performance conditions are getting tougher. All but one of the companies granting options at the time of flotation imposed performance conditions. The most common condition was to require the company's earnings per share growth to exceed inflation by an average of 3 per cent a year over three years.

Some 90 per cent of the companies had a notice period for directors' contracts of 12 months or esa and a quarter had notice periods of six months a sign that companies are responding to the Greenbury committee recommendations for shorter service contracts The report is free. Contact Mark Anderson: + 44 171-282 3030

Sharper focus on leadership

The Centre for Tomorrow's Company has underlined its reputation for providing concise information in demanding areas of business management with a new report on leadership. More research on

leadership may be the last thing companies feel they need, given that there is ac much literature already on the market, but this is where the new report, by Philip Sadler, chairman of the centre's research committee

is most useful, it highlights the different strands of research and theory, summarises the most important findings and ideas and supposts ways that companies may pursue their own leadership development

programme. At £25 (\$40.75), the report, Leadership in Tomorrow's Company, is more costly than many hardback books but its brevity and focus is an advantage. Anyone struggling to greap the evolution of leadership theory will have a much clearer picture after reading this analysis. Contact + 44 171 825 7373

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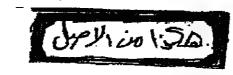
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At more experienced levels we seek:

• individuals with one of the above qualifications or

Applications are also invited from individuals working

within the analytical or strategic functions of 'Blue Chip'/Multinational companies with emphasis on the

following sectors: telecommunications, financial services,

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All applicants should exhibit strong interpersonal skills,

academic excellence, commercial acumen and an

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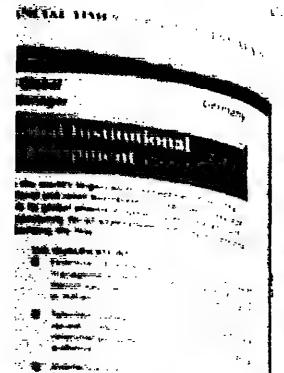
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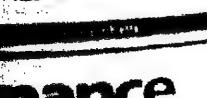


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Over the last two years, ING Barings, through its global Corporate and Institutional Finance business, has advised on over US\$50bn of M&A transactions and raised in excess. of US\$300bn from capital markets. Due to increasing business volumes we are now seeking a number of talented and highly motivated individuals to join our European Corporate and Institutional Finance business.

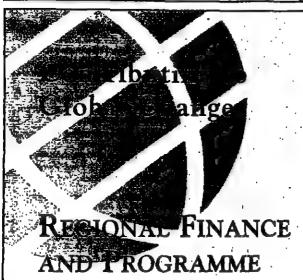
Candidates will be:

- recently qualified ACAs or Lawyers from major firms, or recent MBA graduates from leading business schools, or
- graduate entrants into competitor institutions or strategy consulting firms, with 2-3 years' experience.

career planning. Applicants should forward a CV to Guy Townsend or Simon Hegarty at Walker Hamili Executive Selection quoting reference GT4700A. Alternatively, immediate enquiries may be made to Guy Townsend on 0171 839 4444, or via e-mail: gtownsend@walker-hamill.co.uk

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SERVICES MANAGER

Oxform GB's mission is to work with others to overcome poverty and suffering. Through changes to our global strategy, ways of working and international management. structure, we are committed to strengthening our impact across the globe.

Newly designated Regional Management Centres in Asia, Africa and Latin America will require senior management teams able to lead them forward strategically. The management teams will assume full responsibility for Oxfam's programme management and delivery, drawing together diverse programmes across a wide range of operations into a unified approach.

The post of Regional Finance & Programme Services Manager forms part of the management team in each of our eight centres worldwide together with the Regional Director and the Regional Programme Manager.

You will require the breadth of experience in the related areas necessary to lead those functions within the Region. You will, therefore, bring a proven track record In strategic financial management, human resource management and information systems and technology and apply this expertise to raise the quality of Oxfam's programme of work.

Positions at this level require a sound commitment to Oxfam's values, in particular the organisation's humanitarian and development mandate. Oxfam is promoting diversity within the senior tiers of its management structure and would positively welcome applications from women and under - represented groups.

A package commensurate with Oxfam's status as a charity and the demands of this challenging role is offered.

For further details please write to:

International Human Resources, Oxfam, 274 Benbury Road, Oxford OX2 7DZ or e-mail; Ihrapos@cxfam.org.uk For further information about Oxfam visit our website at http://www.oxfam.org.uk/ Closing data for an application pack: Friday 12 March 1999

Closing date for applications: (Noon - GMT) Wednesday 17 March 1999. Shortlisted applicants will be required to attend an assessment centre which will

take place w/c 12 or 19 April (dates to be confirmed) interviews for successful applicants will be held w/c 19 or 26 April (dates to be confirmed) Founded in 1942, Oxfam works with people regardless of race of religion in their struggle

Oxfam GB is striving to be an equal opportunity employer

Engineering Equity Analyst

London/Frankfurt

Excellent Salary + bonus + benefits.

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German engineering equity analyst to work closely alongside the highly rated Pan European team. The role will involve indepth analysis and forecasting of the financial performance of the quoted companies in this sector. The research will be marketed through written reports and direct communication to institutional clients, as well as through the sales team. The role will also involve extensive primary research.

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funds, be an active member of

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on a few specific european

Minimum of 4 years of experience

in equity management with

an emphasis on pan-european

stocks; ability to integrate within

an evolutive environment strong

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You will have a strong academic

background completed by a

financial analysis degree and be

fluent in English; other European

language will be a plus.

track record (preferably to post-graduate level - MBA, MSo, PhD) and must be finent in both German and English. They may currently be equity analysts or corporate financi or with at least 2 years experience. Alternatively they may have at least 2 years experience within a firm of strategi management consultants or in an internal strategy role in an engineering firm. Excellent communication and presentation skills are vital, as is the drive and motivation to succeed within a highly competitive market.

Our client offers a meritogratic and challenging environment coupled with ongoing technical training and staff development programmes. An excellent remuneration package is offered which is designed to attract and retain the

interested applicants are invited to contact. Gareth Lewys-Lloyd on +44 171 930 1222, facsimile +44 171 930 1444 or email istburymarsden.co.uk, Alternatively write enclosing full CV and current salary details to Astbury Marsden Search & ction, 40 Strand, London, WC2N 5HZ, England. All enquiries will be treated with the strictest confidence.

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A Geneva based organization with Shipping, Oil and Banking interests has an immediate opening for a

CHIEF FINANCIAL OFFICER with the following qualifications:

 at least 10 years of international experience with a large corporation or a bank,

 ability to lead and organize the financial reporting of the consolidated group and/or division; the ability to coordinate bank relations for the holding company

plus the related companies as regards trade financing; the responsibility for work with banks or international credit agencies for project finance;

past experience in trading, shipping or banking will be an

The candidate will also be called to participate in some internal

audit functions.

To assume these responsibilities, the candidate should have: strong financial statement analysis skills;

knowledge of audit procedures;

 good command of spoken and written English; proven track record in negotiating with banks.

se send-your CV to: PUBLICITAS INT, Cifer CMA 100/001/Kv.

Kirschgartenstrasse 14, C4 - 4010 BASLE

With over 100 companies, 1000 branches and . 40.000 employees worldwide, the Schindler Group is a global leader in the manufacture, maintenance and modernization of elevators and escalators. Meanwhile we have grown to an enterprise exceeding 4.5 billion dollars. In our attempt to further strengthen and develop our leading global position we are looking for a

Head of Mergers and Acquisitions

Located in our Headquarters in Switzerland, between Zug and Lucerne, you will initiate, coordinate and handle all major acquisition projects of the Group.

Depending on the geographical location of the targeted acquisition you will lead ad-hoc teams consisting of senior managers from the respective Field Operations, the Corporate Tax and Legal Team, as well as the Corporate Area Controlling.

You will be reporting directly to a member of the executive committee of the board of directors.

As a candidate for this demanding and challenging position you probably have either a university degree in law combined with strong financial knowledge or a financial degree. In any event you possess outstanding negotiation skills and you have had the opportunity to prove your talent and to close some cross-cultural acquisitions in an international company or as an M & A specialist In a bank.

If you are attracted by this position please send your detailed application including an indication of your current total annual compensation package and a photograph to:

Schindler Management Ltd Attention Dr. Rudolph W. Fischer Head Corporate Human Resources Zugerstrasse 13 CH-6031 Ebikon

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Our client, one of the UK's leading international investment Banks and wholly owned subsidiary of a major japanese Financial institution, is seeking to appoint an experienced professional to the following role.

MARKETING MANAGER

You will be marketing Custodial Services to the Japanese Market using a broad internal marketing network and a Japanese speaking staff. Additionally, you will be responsible for expanding and maintaining accurities lending services and other value added services to our japanese client base. The position reports to the Director of Custody and has a broad range of additional responsibilities such as new product development, new client, sales, internal cross selling and management and development of network tervices. Requirements include: fluent written and spoken Japanese and English; five years experience in a client services/marketing role; three years experience in Global Custody or Securities Settlements and similar experience in Securities Lending very helpful; familiarity/experience with SWIFT, Euroclear, Cedel also a plus; education to a degree level is a minimum.

Our overall aim for this position is high quality client services to the Japanese Mari with strong emphasis on communications, accuracy and timeliness. Your demonstrate experience of the above may make a substantial difference to your application.

If you are interested in this excellent career opportunity you should write

PAUL MCINTYRE CONSULTING GROUP LTD. p House, 77A High Street, Reigate, Surrey RH2 9AH me: +44 (0) 1737 222611 Fax: +44 (0) 1737 222136

Our client is an important European manufacturing company, with a turnover of Euro 1.2 billion, present in most European countries. Its customers are leading multinationals in fast moving consumer goods. Expanding plans, a favourable competitive positioning and investment objectives require a

He will be in charge of the financing of the group, advising on the optimal capital structure, finding and negotiating the right financial tools. The ideal candidate has a proven trackrecord in international finance. He is used to managing relationships with both commercial and investment banks. He is keen on taking up a challenge in a company that only recruit highly driven professionals. The position is located in Amsterdam with frequent stays in London.

Please send your résumé in total confidentiality to: KESSLER & ASSOCIATES, 9 Place du Molard, CH-1211, Geneva 3, E-mail DidierKess@aol.com for further information and evaluation.



Our client, a leading global investment bank, is expanding its Private Wealth Management coverage and is now looking for an exceptional performer to head-up its Turkish Markets Desk. As well as ensuring the operational effectiveness of the team, you will

be responsible for managing client assets on a day-to-day basis and advising high net worth individuals on global investment opportunities. To qualify, you will need an outstanding record of academic achievement including an MBA from a leading business school, preferably backed by a Finance and Management related degree. An impressive 5-year track record in corporate finance/capital markets is essential and must include tax expertise, an in-depth understanding of Turkish financial regulations and a tlair for building strong relationships with both private and public sector companies in Turkish markets. Proven cross-functional project and team leadership skilk are also essential. You will be fluent in both written and spoken Turkish, English and at least one other European language.

To apply, please send your CV, quoting ref: 2294, to: The Response Handling Team, AlA, 5 St John's Lane, London ECIM 4BH. Closing date: 19th March 1999.

Applications will only be sent to this client, but please indicate clearly any company to which your details should not be forwarded.



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property finance

£ competitive banking benefit

SC's Property team in London has an excellent track record in the UK and, to build on its success to date, an Associate Director is now required to join its dynamic team of property professionals.

The new Associate Director will undertake all aspects of property financing including originating, evaluating, negotiating and implementing property transactions throughout the UK, across

The Person

To be successful in this key role you will require at least three or four years commercial property lending experience to both public and private companies throughout the UK, including larger

deals in excess of £5 million and, ideally, you will new business opportunities and successfully bringing these to completion. In addition to sound credit and loan documentation and computer skills you will be an excellent relationship builder and negotiator. You will need to be highly motivated and able to work accurately in a team environment.

This opportunity offers an excellent career challenge. To apply, please send a CV and details of your current remuneration to Jeremy Collin. our Consultant at Alexander Hughes Selection (Ref B 2056) 14-16 Lower Regent Street, London SW1Y 4PHL E-mail consultants@ahslondon.co.uk

SG

International Development Consulting firm seeks Field Project Administrator candidate. Position requires an advanced degree in Public Administration, Planning, Economics, France related field. Experience in USAID project management and a demonstrated ability to manage local and expatriate team. Candidate must have at least 15 years experience in one or more of the following.

- Urban policy/Urban man Municipal Finance.
- Local Go
- Managing Local Utilities.

(202) 955-7450, or P.O. Box 18895, W

Experience in India or South Asia, preferred. Urban environmental infrastructure project development and project finance experience highly desirable. Send resume ASAP to AXC/Recruit, Ernalt scutrone@chemonics.com, Faxo

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The position attracts a competitive salary plus benefits rate with the level of rest

Please send Curriculum Vitae to:

have some experience of syndicated lending. You will also have a record of achievement in identifying

International Marketing Executive

 $\pm 50,000 \pm commission$

We are fast growing international consulting and training group and wish to appoint an experienced UK based financial, institutions marketing executive for international business development. We require candidates to have a minimum ten years senior financial services experience, be willing to travel extensively and have a successful track record in business relationship development. Reporting to the Managing Director, the successful candidate will be a self starter, be well presented and will possess strong marketing, communication and inter-person skills. Linguistic skills will also be a distinct

Send detailed C.V. in confidence to:

The Managing Director, Glendale Consulting Limited, 5 Bridge Street, Leatherhead, KT22 8BL, United Kingdom



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- The Liberty International Group owns 40% of the equity and is itself a major investor in alternative investment strategies The wider Liberty Life / Liberty International / Ermitage organisation has assets under management exceeding \$30 billion Hedge Fund Research is core to the Group's strategy of developing new products and building distribution in new markets

- Senior analysts, who will be responsible for conducting in-depth interviews with hedge fund managers
- Our analysts combine established quantitative techniques with an innovative approach to qualitative research at the fund manager, strategy and macro levels

The Candidates:

- The ideal candidates will have a degree in a numerate discipline, followed by several years' analytical experience in the financial sector and possess strong technical knowledge of investments / markets
- Hard working, team players with excellent communication and PC skills

Ambitious, motivated and credible at senior levels

Please send full curriculum vitae, stating salary, to: Derek Stewart, Ermitage Management (UK) Limited, 25 Savile Row, London W1X 1AA. Fax: 0171 333 0443

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The Bank for Interm is an international organization that promotes central bank cooperation and provides additional facilities for onal financial operations. Based in Basie, Switzerland, with a nextive office for Asia and the Pacific in Hong Kong, the BIS has around 480 staff from some 30 countries. www.bis.org

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Please send applications, together with references, to Human Resources, Basik for International Settlements, CH-4002 Basis, Switzerland, quoting reference 99522.

Closing date for applications: 22 March 1999,

ACCOUNTANCY APPOINTMENTS

GROUP FINANCE DIRECTOR

Surrey

to £75,000 + Benefits

Our client is a strongly performing, growth orientated Group. Following a recent promotion, there is a requirement to recruit a new Group Finance Director. This is a key appointment, providing effective financial management and control as well as contributing heavily to the Group's ambitious growth strategy. Group turnover will exceed £75 million in 1998/9.

THE POSITION

- As a key player within the executive team, provide critical commercial and financial direction to the Group, acting at both a strategic and tactical level.
- Maintain and Improve an effective framework of financial management and control which will enable the Group to prosper and develop further.
- · Work closely with the diverse operations, ensuring that the businesses take full advantage of the considerable opportunities presented by the current and future business environment.

QUALIFICATIONS

- · Graduate calibre, chartered accountant, with an excellent career record to date. Considerable exposure to/experience of executive board participation is essential.
- Sound commercial awareness, evidenced by the vision, intellect and judgement to drive forward business planning and profitability-
- · First class interpersonal skills, high degrees of energy and the communication ability to influence all levels of an organisation.

Interested candidates should write, enclosing full career and salary details, to the advising consultants, Jon Boyle and Kevin Dunbar, at Questor International Ltd, 3 Burlington Gardens, London WIX 1LE. Please quote reference 2598. Tel 0171 292 8300, fax 0171 287 5457, e-mail: lorraine@questorint.com



QUESTOR INTERNATIONAL

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Challenge Influence and Change

Hampshire

Outstanding Package

Our client is one of the world's leading international financial institutions with assets under management in excess of \$180billion. The group is committed to effective risk management, recognising the importance of aligning it to support and add value to the business. In line with this corporate strategy, the group requires an exceptionally mercial and dynamic individual, as Head of Audit for the UK operations, with the ability to make a real difference to the business.

THE POSITION

- Play a pivotal role within the UK senior management team, ensuring risk management becomes deeply embedded in the strategy, operations and processes.
- Develop partnerships with business management to drive and develop risk management solutions to meet current and future activities.
- Outstanding opportunity for an ambitious individual to have substantial impact on the business, providing the platform for progression within the group.

QUALIFICATIONS

- Qualified accountant with experience of financial services gained in industry or the profession, with the ability to demonstrate an understanding of the strategic importance of risk management.
- Commercially astute with a consultative and analytical approach, able to forge proactive working relationships and deliver sound judgements.
- Strong leadership skills with the presence and credibility to develop a highly motivated team. An influencing persuasive style is key to success.

Interested candidates should write, enclosing full career details and current salary, quoting reference 2595 to the advising consultant Robert Berkeley, Consumer Division, Questor International, 3 Burlington Gardens, London W1X 1LE. Tel 0171 292 8300. Fax 0171 287 5457. e-mail: claire@questorint.com



QUESTOR INTERNATIONAL



Accountants - Bedrijfsanalisten

komen voorwoorden. Wanneer niet oon deze voorwoorden wordt voldaan, zorgt PRG somen met de klan) er voor dat het niet geëinde bedrag alsnag wordt geëind. Wij werken in samenwerking met onze klanten en gebruiken ook veel zelf ontwikkelde technieken om deze verschillen te identificeren. Dit doen vaj ander anders met in eigen beheer antwikkeide software. Daarnoost adviseren wij ook de idant waar hij pracedurele

Wij zijn op zoek naar meerdere mensen, welke zowel verstand hebben van administratieve procedures als wel naar mensen die opgeleid zijn is een van de volgende richtingen: de detaithandel, de formoceutische industrie, onroerend good on financible dienstveriening. Ean diplama in accounting is gowenst, maar niet vereist. Ervaring met computers

U bent resultactgericht, heeft een proktische kijk op werk, en bent bereid om alles op alles te zetten om anze klanten diensten van topkwaliteit te verienen. Hoewel u uzelf kunt motiveren, bent u ook bereid uw steentje bij te dragen in teamverband, zowel op landetijk als op internationgal niveau.

Wat ervaring betreft, client u idealiter te voldoen oan een mix van de volgende eisen.

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eerd, dan kunt u uw reactie sturen noon: Karen Basell, HR Co-ordinator Europe, The Profit Recovery Group, 2nd Floor, Kilin House, 210 New Kings Road, Landon SW6 4NZ, U.K.

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EUROPEAN DIRECTOR OF FINANCE

cE75,000 + car allowance + benefits

Since its formation less than ten years ago, this Californian software vendor has grown at an exceptional rate and is now a market leader in its sector. After flotation on NASDAQ in 1995, our client set up a European HQ in the UK along with operations in several other European countries. These too are undergoing a period of rapid growth and change and as a result the decision has been taken to make this new appointment.

Managing a small team of professionals, the European Director of Finance will work very closely with the VP Europe and will have a strong functional link to the Director of Finance in the US. This is a wide-ranging role, entailing full responsibility not only for the finance function but also for IT and administration. As well as leading the financial reporting, planning and control process across Europe, the successful applicant will support the VP Europe in strategic planning. change management and business development activities.

We are looking for an individual with a high level of business acumen, personal credibility and influencing skills. You will be a Chartered Accountant, or possibly an MBA, with at least ten years' PQE. You must have senior lavel experience within a US high technology company and an international outlook. An understanding of US GAAP is essential, whilst a knowledge of software revenue recognition rules would also be advantageous. For someone

with energy, ambition and the ability to contribute in an

environment of rapid change, this role will provide excitement

M4 Corridor

and challenge along with real opportunities for personal Please reply in confidence enclosing your CV and current salary details, quoting Ref: FT7037, to Paul Carvosso, Howgate Sable, 35 Curzon Street, London W1Y 7AE, Tel: 0171-495 1234, Fax: 0171-495 1700.

e-mail: london@howgate-sable.co.uk

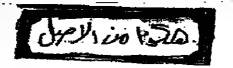
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Group Finance Director



Wood & Company is the only region-based and region-wide investment bank covering the markets of Central Europe. The firm researches, underwrites and makes markets in local equities and GDRs, as well as advising on mergers and acquisitions. The company is a licensed securities dealer and a member of the stock exchanges in Warsaw, Prague, Budapest and Kley and has established offices in those cities. A London sales and sales/trading office will open in May this year. Euromoney/Central European magazine voted Wood & Company "The Best Regional Brokerage in 1998". The firm is a private partnership. To learn more, visit www.wood.com

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Wood & Company is now looking to recruit a Group Finance Director. Based at group headquarters in Prague, this is a highly challenging role offering the right candidate a unique opportunity to create and manage the growth of a dynamic and innovative organisation. In a growing region, opportunities for personal and business growth are very evident.

Reporting to the Chief Executive and the Board, you will be responsible for the entire financial management and control of group companies in eight countries. Specific duties will also

Finance teams in all countries of operation.

Group reporting.

- Tax strategy.
- Management accounting and budgeting.
- · Group relationship with auditors:
- Co-ordinating system requirements for the finance function.

An English speaker, you must be a strong team player with excellent organisational and communication skills, as well as a strong commercial instinct. You must be a qualified accountant (ACA, CPA or equivalent), likely to have a management role in

a financial services organisation and be seeking a more progressive and influential position. Experience of working in Central and Eastern Europe is an advantage but not a requirement.

To be considered for this outstanding opportunity, please forward your CV including salary package details, quoting reference number 488264, to Jonathan Stokes at Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LN, UK. Telephone on +44 (0) 171 269 2465, fax +44 (0) 171 831 3440, e-mail: mpf.e.aurope@michaelpage.com

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Wokingham

The UK subsidiary is the largest sales office in Europe with a turnover in excess of ± 1.7 million and mirrors the global strategy of significant growth. This growth is set to continue facilitating the need for a high profile Financial Controller reporting to the Organisational Controller (North and Central Europe) based in Paris. The role is the most senior financial position in the UK and key resibilides will include:

- Provision of first class day-to-day financial control. · Management of financial reporting and analysis of
- Full commercial and financial support to local
- Responsibility for legal, operational and HR matters.
- Management and development of an eight strong team.

Package to £50,000

Likely candidates will be graduate calibre, qualified accountants with a minimum of three years post qualified experience. Individuals with exposure to an affiliates of US hi-tech compenies will be of

it will be essential that candidates have well developed interpersonal skills, along with the ability to communicate with and influence others at all levels in the business. A professional, enthusiastic and proactive

Interested candidates should forward a comprehe curriculum vitee, including details of current salary and daytime telephone number to Anthony Spratt ACMA, Berkshire RG1 1PW, fax 0118 9561657, quoting

Michael Page

Finance Director

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North West c £45,000 + Car + Substantial Bonus Our client, a group turning over c£30 million date and the ability to affect the bottom line.

with sizeable planned growth, is currently looking to attract a high calibre commercial finance professional. With operations covering telecommunications to construction, the group has restructured to give clear business focus.

Working with the Group Managing Director, you will be responsible for the development of key relationships with the Divisional Managing Directors and Chairman. Business planning, working capital, balance sheet management and growth of profit will be critical. Strategic planning, together with organic and acquisition led growth, will be

You will have demonstrated clear focus to

The challenge will come from a diverse group experiencing and planning sizeable growth, therefore you will have had or currently be operating a business used to the dynamics of cultural change, whilst maintaining control of finances. You will be a qualified accountant, confident with the strength of character to influence senior management.

Interested candidates should write to Gareth Davage, Executive Division, Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ, Telephone 0161 228 0395, fax 0161 236 6961. Please quote reference DWO. e-mail: garethdavage@michaelpage.com

Michael Page



Imperial Cancer

Head of Finance and Administration

ch charities. ICRT's role is to manage the interface between ICRF's research and the al Industry. With a turnover of £2.8 million, it is a small but expanding company with a crucial role to exclaimation of biomedical science. All profits are returned to ICRF to fund further research.

Central London

Reporting to the Chief Executive, the Head of Finance and Administration will be responsible for all financial and administrative aspects of operations and will have a central role to play in the continued success of the

- The main responsibilities of this key post are: Managing the finance function on a day-to-day basis.
- Preparing high quality financial information including
- statutory reporting, management accounts and analysis. Providing a commercial service to ICRF scientists including negotiating agreements and project budgets.
- Meintaining and developing management Information systems.

£37,500

Acting as Company Secretary to the Board and

The successful candidate will be a qualified accountant with excellent interpersonal skills and hands-on practical experience. A mature and flexible approach will be required to work as part of a small team of professionals with complementary skills, as well as interacting with senior people in both the scientific and commercial worlds.

Interested candidates should write, enclosing their CV and details of current package, to Matthew Morris or Stephen Rutherford at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN, Fax 0171 831 6293. Please quote reference 488804.

Michael Page

Commercial Accountant

South West

to £40,000 + Benefits + FX Car

Our client is a privately owned medium aized manufacturing business. Established over 150 years ago, the business is one of three specialists within its field and exports to over 70 countries worldwide. With an overlying policy of strong collaboration between customer and supplier, it has developed an unrivalled reputation for quality, performance and service and its environmental consciousness is of paramount importance. Recent years have seen significant investment and technological advancement, as well as a thorough restructure and change programme and is strategically well placed for growth.

An opportunity has now arisen for a high calibre finance professional to join the management team. Reporting to the Group Finance Director and General Manager, you will provide meaningful management accounting information to assist commercial decision making and will provide sound financial and business advice. You will be accountable for budgeting and forecasting analysis, stock and inventory control and production costing, profit planning and customer profitability data.

A qualified accountant with previous commercial experience gained within a manufacturing environment is essential. Your natural style will be positive, proactive and visible outside of finance. At ease with interpreting and reviewing analytical data, you will be change and process improvement orientated and will have the necessary interpersonal skills to influence outcomes for the better and challenge the status quo.

You will have developed an excellent working knowledge of MRP standard costing systems and accustomed to working in a cross-functional team, you will be appreciative of the wider operational issues of running a factory and will be at ease on

interested candidates should apply in writing enclosing a CV and covering letter, with daytime telephone number and current package details to Kathryn Roberts, Regional Manager at Michael Page Finance, 29 St Augustines Parade, Bristol BS1 4UL or fax 0117 9264223 quoting reference 489830, alternatively e-mail: kathrynroberts@michaelpage.com

Michael Page

www.michaelpage.com

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Financial Controller



When you're a world leader in the fast-paced world of trade exhibitions with over 1,00,000 clients in 25 countries, life's never dull. We bring together suppliers and buyers from around the world generating billions of dollars of business Reed Exhibition Companies (REC) is in turn part of Reed Elsevier, a world leading publisher and information provider with principal business activities in North America and Europe, with annual revenues in excess of £3.4 billion.

THE PERSON OF TH

Richmond, Surrey

In the UK, REC organise 37 events in five key market sectors - travel, retail, IT, industrial and hospitality. Many of the events are brand leaders and we are focused on creating the market leading events of the future.

Based at Reed Exhibition Companies Head Office in Richmond, the Exhibitions Financial Controller reports to the UK Finance Director and forms the critical link between the sales and marketing teams and the central finance department which is based in Birmingham.

Key responsibilities:

- Work with the Exhibition management teams to ensure that maximum profits are generated from their events. Review all Exhibition budgets and forecasts.
- · Enhance the financial processes and management information produced in order to optimise the decision
- Manage the financial aspects of show acquisitions. integration and disposal.

c £50,000 + Car + Bonus

- Work closely with Exhibition Directors to obtain a strong understanding of the commercial aspects of
- Manage and develop a team of three Finance Managers.

This is a pivotal role that will require an understanding of the whole business; thus a broad range of skills and knowledge will be necessary.

To be successful, you are likely to have 3-4 years PQE gained in a service industry demonstrating a strong mix of financial skills and commercial acumen. Well developed interpersonal skills are important, as is the ability to multi-task within a team based, hands-on environment,

interested candidates should send their CV along with current remuneration details, quoting reference 417930 to Alistair Robinson at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG or fax your details on 01372 370101. Alternatively,

Michael Page

Australia • China • France • Germany • Hong Kong • Italy • Netherlands • New Zealand • Singapore • Spain • UK • USA

Finance Directors

South East/Thames Valley c £60,000 + Car + Bonus

Our client, a UK quoted Pic. has achieved outstanding growth and has now become one of the UK's leading quality property developers. Success has been achieved by extending the onginal philosophy of building high quality styled homes on either single plots or exclusive sites throughout all developments.

The organisation has recently refined its operating structure in order to concentrate on all development disciplines and growth. This has resulted in the requirement for three Finance Directors to ioin the business.

Reporting directly into the respective Regional Managing Directors, the Finance Directors will be key members of the Regional Board of Directors and will be expected to fully contribute to the decision making process.

Responsibilities will also includa:

 The provision of financial and commercial support to fellow Directors.

- Maintaining high levels of financial control and probity and enhancing value added information.
- Ensuring that the finance department is integrated within and responsive to the business as a whole.
- ◆ Training and development of the finance team.

Suitable candidates will be progressive qualified accountants who have proven value added financial and commercial skills, preferably obtained within dynamic and growth focused

Well developed inter-personal skills are essential and candidates must have the ability to progress within the organisation.

Interested candidates should send their CV along with current remuneration details quoting reference 486050 to Alistair Robinson or Tony Spratt at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG alternatively fax your details on 01372 370101. e-mail: alistairrobinson@michaelpage

Michael Page

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ZENECA Excellent Entry Roles

Career opportunities within a global blue-chip organisation

Zenecs, a market leading global bioscience group with a turnover in excess of £5 billion, is poised for future expansion within a competitive marketpiecs. This is an exciting and challenging period for the £1.6 billion Zeneca Agrochemicals Business, which has resulted in a need for a number of career focused finance professionels to undertake a variety of

Surrey/Sussex/Hampshire Border to £34,000 + Bens

Working within either the UK, international or manufacturing finance teams, the roles will cover many facets of accounting including the following:

- A broad range of management and financial accounting reporting within a demanding time frame.
- · Preparation and analysis of strategic documents that are commercially sensuryo.
- Ongoing enhancement of management information production and internal MIS (SAP/Hyperion). Undertaking value added projects for the CFO and
- Financial Controllers.
- Preparation of information that influences the

• A degree of overseas travel.

Suitable candidates will be newly qualified accountants with a good academic record and with a strong mix of technical and commercial based skills, combined with high levels of motivation, credibility and confidence. In return, you will be offered an exciting entry position with Zeneca that could lead to numerous opportunities for a global and

interested candidates should send their CV. along with current remuneration details, quoting reference 487702 to Huw Rothwell or Alistair Robinson at Michael Paga Finance. Cygnet House, 45-47 High Street, Leatherhead. Surrey KT22 BAG or telephone 01372 375661. alternatively fax

Michael Page

Australia - China - France - Germany - Hong Kong - Italy - Netherlands - New Zealand - Singapore - Spain - UK - USA



Financial Analysts

Commercial roles within a global pharmaceutical giant

ning, developing and delivering innovation through its people and products. Pitzer has become a global market leader within the pharmaceutical industry, in addition, Fortune Magazine recently voted Priper the world's most admired company within the pharmaceutical and besithcure sector. Pitzer's current portfolio contains a number of the leading market brands. Their ability to tumeround research and develop investment into marketable products has resulted in the launch of 1.0 major pharmoceuticals in less than a decade. Growth in sales and net income

Based within central research, the Financial Analysts will be assizined to specific operationally focused business units. The purpose of the roles is to add value to the planning and reporting process at order to facilitate effective dec making for the product development life cycle. Key priorities will also include:

- Ongoing enhancement of management information and internal Oracle based MIS.
- The provision of financial advice and analysis to enhance business decisions.
- · To provide financial input and analysis to the

£ Excellent Package

· Substantial involvement in the provision and improvement of project accounting systems throughout

Due to oxtensive senior management interfacti, suitable condidates must possess gravitus, a proven financial track record and the ability to think strategically. Successful condidates will be either qualified accountants, or in possession of an MBA, with the inherent ability to understand reial issues and appreciate the 'big picture'.

interested candidates should send a Cv. quoting ref 438611, to Alistair Robinson at Michael Page Finance. Cygnet House, 45-47 High Street, Leatherhead, Surrey

Michael Page

Australia - China - France - Germany - Hong Kong - Italy - Netherlands - New Zealand - Singapore - Spain - UK - USA



Financial Reporting Manager

Since their inception in 1974, Learning Tree International, an American NASDAQ listed company, has grown to become the world's largest independent provider of training for IT professionals. The organisation's success and growth has been achieved by focusing on delivering the highest quality iT training in the marketplace.

Surrey

Due to the rapid growth of the UK business which currently generates revenue of £30 million, a requirement has been identified for a Financial Reporting Manager. Based at the UK headquarters and reporting directly into the Finance Director, key responsibilities will include the following

- Preparation and enhancement of the monthly
- · Ensuring that information provided adds value to the business and facilitates effective decision making.
- Undertaking monthly forecasting and co-ordination of the annual budgets.
- · Identification and analysis of the key performance

c £30,000 + Benefits

This role has a very commercial focus and the Individual must gain a sound appreciation of the

Learning Tree business to fully contribute. The successful candidate is likely to be a recently qualified accountant with a well rounded mix of accounting and analytical skills, who is in possess of credibility and gravitas.

interested candidates should send their curriculum vitae along with current remuneration details quoting reference 469249 to Alistair Robinson at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG or telephone us on 01372 375661 or alternatively fax your details on 01372 370101. e-mail: alistairrobinson@michaelpage.com

Michael Page

Australia • China • France • Germany • Hong Kong • Italy • Netherlands • New Zealand • Singapore • Spain • UK • USA



COLGATE-PALMOLIVE (UK) LIMITED

Commercial Category Analyst

Colgate Palmotive is one of the leading global FMCG companies in the oral, personal care and household products market. Operating in 194 countries, the company has strong brand names that include Colgate, Palmolive, Kolynos, Mennen and Ajax.

Guildford

This Commercial Category Analyst role is an integral element of our category management offering. Working closely with our National Account Managers and directly with our retail partners, the key purpose of the role is to make recommendations improving the effectiveness of in-store category promotional and pricing strategies. The main responsibilities include:

- Performing financial and comme on a wide variety of data source aim of making value adding ri to retailers on the effectiver promotional programme.
- by integrating any pricing or pri recommendations with ranging
- Owning and developing the software used to mod

As a newly qualified CIMA with a minimum of two years commercial experience, you will be a strategic and commercial thinker able to deliver rounded business

c £33.000 + Benefits

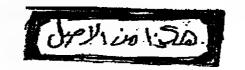
solutions that optimise the performance of Colgate and our retail partners. We are looking for a logical thinker, able to analyse disparate data and present results clearly. A real team player, you will have excellent presentation skills, the ability to influence at all levels and the confidence to challenge assumptions. Highly computer literate, you will extend Lour software through the development and

> offer you an excellent benefits ides free private medical, dental e, long term disability, share match ttory pension and the opportunity to benefits for cash.

n of training programmes.

ambitious, flexible and eager to succeed in n environment that can offer you opportunity, please rward a comprehensive CV to Alistair Robinson at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG or fax 01372 370101 quoting reference 466765. e-mail: alistairrobinson@michaelpage.com

For more information on jobs in the Southern Home Counties, please contact alistairrobinson@michaelpage.com



MANCIAL PLAN

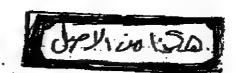
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FINANCIAL TIMES FRIDAY FEBRUARY 19 1999

High Profile Finance Professionals

Our client is a substantial international group with a turnover in excess of £350 million and operations throughout the world. The group is highly profitable, deriving revenue from a global network of manufacturing, sales and service operations. Following a period of change, there is now a need to appoint three senior managers to support the business through its next stage of growth. All three positions are based in the Home Counties.

UK Finance Director c £65,000 + Car

The UK business leads its market. With a turnover of £100 million, the company manufactures, distributes and sells to a wide and diverse customer base in a competitive, volume-driven market. Reporting to the UK Sales Director, key responsibilities include:

- Provision of full commercial and financial support to the UK. management team.
- Manage and develop the forecasting process.
- Provide an effective interface between the manufacturing and sales operations.
- ◆ Provide commercial support to a substantial sales team. -

Likely candidates will be qualified accountants who have a strong track record within a fast moving, sales driven environment. Most Importantly, they must have the ability to quickly build credibility with internal managers and external customers. Ref 485109

Planning Manager

c £65,000 + Car

Based in the group headquarters, this position has responsibility for

- the global planning and review area. Typical responsibilities will
- ◆ Financial and commercial analysis of existing businesses' results on behalf of the board.
- Co-ordination and development of the business planning process.
- Advise the board and operating units on capital expenditure
- Provide analysis of potential merger/acquisition opportunities. The successful candidate will be either a qualified accountant or MBA. Candidates who have worked in a fast moving manufacturing environment will be of particular interest. Most importantly, candidates must be able to demonstrate, in a practical manner, Intellect of the highest level. Ref 484973

c £50,000 + Car

Based at group headquarters, this is a newly created position. The requirement is for an individual who has a strong understanding of cash management gained within a multinational company. Key responsibilities include:

- Developing and implementing treasury policies and procedures.
- Monitoring actual and forecast cash generation for the operating
- Developing and implementing the strategy for currency exposure and interest rate management.

Likely candidates fall into two areas. Either somebody who is a number two in the treasury function of a major group, is a qualified accountant, and has the desire to progress to a mainstream position in due course or an individual who has specialised in treasury throughout their career and has a long track record in this discipline. Ref 485110

Interested candidates should send an up-to-date CV, quoting the relevant reference number and including current remuneration, to Dan Chavasse at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA, fax 01727 841616. e-mail: danchavasse@michaelpage.com

Michael Page

FINANCIAL CONTROLLER

INTERNATIONAL INSURANCE AND CONSULTANCY GROUP

S.W. LONDON

This publicly listed organisation has grown

- exponentially since 1982. With 1997 revenues exceeds \$3 billion and with offices in more than 100 countries the group is a world leader in insurance and consulting
- With revenues set to exceed \$250 million, and growth expectations of 100%, this specific division of our client provides value added insurance based products to a broad spectrum of customers, targeting
- This is a challenging opportunity to act in a pivotal role within the Finance Group. In addition to reporting, budgeting, tax and treasury responsibilities, there will be significant scope to make a major commercial and strategic input to the development of the group.
 - Please apply in writing quoting reference 1775 with full career and salary densits to: Kevin Bishop, Whitchead Selection II Hall Street, London W.X 888 Tel: 0171 290 2129. Exx: 0171 290 2085 Bened: hevis bishop@amrop.com

FIRST CLASS EXECUTIVE PACKAGE

- A grackette qualified accountant, with an estublished record of achievement at senior level in a quoted PLC environment, where finance actively contributes to broader commercial decisions. Must have a distinctly commercial outlook aligned to well honed technical accounting skills, gained within the insurance or wider retzil financial services sector.
- Outgoing manner with excellent communication skills, expable of quickly gaining credibility, managing a team of 25 professional finance gaff. Energetic, resilient and good under pressure. Comfortable working in a relatively autonomous and team orientated business
- Able to contribute to the development of a strong "best peactice" finance function which supports rather than constrains exceptional business performance.



FINANCIAL PLANNING AND S MANAGER

As a Olivision of a major multinational U.S. Corporation operating in the speciality chemicals industry, we are looking to appoint a Pinencial Planning and Analysis Manager for our Europe, Middle East and Africa

Reporting to the Business Unit Finance Director, you will be based at the European Headquarters in Frauenteld, Switzerland. Your responsibilities will include the tollowing:

- analysis of financial data to support key business decisions: standardication and development of costing and information sys
- identification of value adding opportunitie
- assisting in the preparation of strategic plans, budgets, forecasts and actual results preparation of analysis to propel the business forward including product and customer profitab

You will be a graduate of accounting/finance or a qualified accountant. Busilent English is essential, as is the ability to work in either French, German or Italian. Experience in either the finance department of a major US multinational or with a big five accounting firm is received.

A high degree of IT literacy is destrable, ideally including SAP R3. Flexibility and mobility are essential, as you will be required to visit operational units throughout Europe on a regular basis. Excellent communication skills are of vital importance, as you will be expected to operate cross-functionally and internationally as a key member of the finance team.

If you are interested in this opportunity, please send your CV to Great Lakes Chemical (Europe) Gubbl, Hussel Resources, Jackstrasse 45, CH-8508 Franciscle, Suitarrians.

Great Lakes Chemical Corporation

reporting. Adapting the finance communication abilities.

Head of Finance Virgin Direct

Norwich

to £70,000

Established in March 1995, Virgin Direct already manages over \$1.7bn in funds for in excess of 250,000 customers. Based on providing excellent products and high quality service, Virgin Direct has developed a comprehensive range of products covering personal banking, mortgages, savings and investments, it will undoubtedly become a major force in the highly competitive UK financial services industry.

Part of a proactive executive team, the Head of Finance will develop and maintain a watertight financial reporting and control environment and deliver the highest standards

changing the needs of a rapid growth business in a highly regulated environment is seen as a key challenge of the post. Applicants must be qualified

accountants of the highest calibre

department's structure to meet

and used to operating at senior executive level. Experience must have been gained in a customer focused and service oriented environment together with a first class track record in operational and strategic financial management. Candidates must combine strong accounting skills and commercial talent management and highly developed a people and

This is an excellent career development opportunity and the package includes relocation assistance where necessary. interested applicants should send a full c.v. including current salary and daytime telephone number to Paul Laurent or Philip Price ACA quoting reference 3182 at Deloitte & Touche Management Solutions at the address below.

> Deloitte & Touche



management solutions

Delotite & Touche, Colmore Gate, 2 Colmore Row, Birmingham B3 2BN. Tel: 0121 200 2211. Fax: 0121 696 5729. Internet Address: Philip.Price@deloitte.co.uk

GROUP FINANCIAL PLANNING & Analysis Manager

Thames Valley

c. £45,000 + bonus & car

For a decentralised business services Plc, a leader in a challenging and competitive sector.

Working with independence and reporting to the Group FD, the role is to focus and drive the group business planning and budgeting processes, pro-actively review and analyse trading performance, identify variances and recommend corrective actions. In addition, you will further add value by assessing acquisitions, capital expenditure projects and other business proposals

To succeed in this tough but rewarding job, you must be a graduate qualified accountant or numerate MBA with direct experience of a comparable role in a fast-pace commercial environment. The confidence to act on initiative, supported by outstanding technical and intellectual skills, persuasive communication and PC fluency, are essential qualities. Energetic, ambitious and determinedly action-oriented, you must be committed and flexible.

Please write in confidence to Peter Williamson, enclosing a concise ev and renuncration details and quoting reference 066/FT. Explain briefly why we should meet.

Lawless & Williamson

EXECUTIVE SEARCH 1 Heathcock Court, 415 Strand, London WC2R QNS Lawler-Williamson@composerve.com

Divisional Finance Director

M4 Corridor

£70,000 package

Following a substantial restructuring, this leading British Pic is developing its worldwide technical services operations. It now requires an ambitious, energetic, 'change agent' for its £50m turnover, facilities services division. A dominant player in its field, this challenging and exciting business, elivers specialised services to blue thip clients, through a network of offices and me

- Lead, support and motivate the finance team
- through a period of thange and development. Report to the Managing Director, with a focus on aciding value to the business through the provision of quality management information and improved afficiency in business processes.
- Develop rigorous financial controls and procedures designed to improve performance standards.

可 投入体的基础的 计下分元件

- - Graduate, qualified accountant with a minimum of eight years PQE, ideally gained with a forward
- thinking, service driven organisation. Flexible, proactive approach and sharp mind; combining strong technical expertise with a
- commercial perspective. Ability to communicate effectively at all levels across the organisation with proven staff

Please write in confidence, with full career and current salary datalls, quoting reference SAW/1626FT

Tel: 0171 499 8811 Fine 0171 670 3410 e-mail Ellis Jonath Codgers.com

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to further target the

Kurl Loymon op +44-171 873 3694

Advanced engineering...advanced finance

Finance Manager £attractive package

Our client is a world leader in the design, manufacture and supply of advanced engineering systems, products and services to the world's

engineering expertise, financial controls over operations and commitment to delivering superior and sustainable returns to its shareholders. Reporting to, but working closely alongside the Plant Manager, the Finance Manager will provide financial

analysis and business support to operations and

cash management, compliance with company financial policies and procedures and Czech statutory success has been built upon its innovative Ideally you will be a graduate, ACMA (or equivalent) qualified, with 5 years' experience in a manufacturing environment, IT-literacy, good commercial awareness,

interpersonal skills with the ability to play a leading role in a satellite operation are essential. Knowled of the Czech or German language would be useful, but you must be prepared to learn Czech.

produce timely and accurate reports. All aspects of

Czech Republic

In the first instance, please send your full CV and current salary details to Roger Haggerty, Managing Director, Alba Selection Ltd, Grays Court, 15 High Street, Harborne, Birmingham B17 9NT. Tel: +44 (0) 121 427 8800 (24 hrs answering) or First +44 (0) 121 427 8135 or E-mail: rhaggerty@albagroup.co.uk

ALBA SELECTION LTD



GROUP FINANCIAL 6

£50-55,000 + Car + Bonus

Our client is a major international player in the design and manufacture of innovative and advanced technology products. The company, which floated in 1996, has a market capitalisation of £230 million and continues towards its goal of achieving market leadership in a range of niche sectors requiring unique levels of technology and customer focus.

Since flotation the group has grown both organically and through acquisition and now employs over 2000 people worldwide. The business places a key emphasis on investment in research and development as well as the attraction and retention of high calibre individuals who have the ability to drive the business forward. Due to internal promotion, the company now requires a highly skilled and value adding Group Financial Controller who will work closely with

With LIK turnover in excess of

eading multi-site retailer and

£800m and a parent company with global operations, our dient is a

distributor of high profile branded

strengthen its finance function at

one of its operational sites based in

management team and reporting

to the Group Financial Controller,

the Northern Home Counties.

Being part of the local sentor

you will have the ability and

foresight to take this embitious

company through their latest

phase of growth with specific

leasing business.

nformation:

quidelines

responsibility for their contract

Specific key areas of the role will

encompass the following:

e provision and ongoing

development of detailed

operational management

ensuring the integrity of all

to Group and Statutory

strategic and commercial input

the contract leasing market;

into business decision making for

development of subordinate staff;

financial reporting on a local

basis with particular emphasis



For further information about this role, please call Howard Bentwood on 0171 at FSS Financial, Charlotte House, 14 Windmill Street, London. W1P 2DY, fax: 01

Implementation of a

sophisticated computer system.

To be successful in this role you

understanding of the contract

leasing market in addition to

professional. You are a highly

motivated self-starter, possessing strong technical knowledge and

confident communication skills.

demonstrate your commercial

acumen in a highly competitive,

fest moving, customer focused

In the first instance, please

Richard Baker ACMA or Parti

Kotecha ACMA on 01727 840660

(eves/w/ends 0973 226748 at 0956

935919). Alternatively, please send

your full CV, including the details

of your current remuneration, to

E-mail: richard.baker@irwgroup.com

them at HW Harrison Willis,

47 London Road, St. Albans, Herts AL1 1LJ. Fex: 01727 840662.

Internet: www.hwgroup.com

marketplace.

You will relish the opportunity to

will have to demonstrate a sound

being a hands-on versatile finance

FINANCIAL CONTROLLER

Northern Home Counties

To £35,000 + Car + Exceptional Bonus + Benefits

FINANCIAL

DIRECTOR

London

Substantial package

to attract the

very best

BIRMINGHAM . BRISTOL . CARDIFF . CROYDON . DUBLIN . EDINBURGH . GUILDFORD

ongoing motivation and



Constructing the future for Tesco.

Director - Property Finance

Hertfordshire

Tesco is the country's leading food retailer and has twice been voted the UK's 'Most Admired Company' by the business community. This success has been underpinned by a property development programme which now amounts to an asset base in excess of £6 billion, and which involves a number of significant joint ventures with leading property companies. Determined to build on this strength. we plan to invest over £500 million a year on both new stores and major refits, extensions.

Working directly with the Property Director and the Board, this senior role will involve responsibility for shaping and delivering a property strategy which ensures excellent value for both our customers and shareholders. To succeed, you'll need to be able to challenge conventional thinking. and demonstrate the drive and influencing skills vital to ensuring that step change opportunities are achieved.

Six-figure package

This is a unique opportunity to join Texts at such a writer level and provides the platform to develop to the highest levels in the UK's most progressive retail husiness. Together with the credibility and expertise to operate at the most senior levels, you'll need the vision and aufhority to challenge the status quo. Professionally qualified, and with experience of delivering and conhunting ugnificant capital programmes, you'll need to be able to offer mapirational leadership and a real flair for people management.

If you think you could make an impact on Tesco, make an impact on our recruitment advisors. Contact Chris McCusker at CMC Consulting Ltd, 53 London Road, St Albans, Herts ALI 113. Telephone: 01727 859111. Fax: 01727 859888. E-mail: cm@cmcconsulting.demon.co.uk

LEEDS . LONDON . MANCHESTER . MIDDLESEX . NOTTINGHAM . READING . ST ALBANS

industry's too distributors of programming. Its reputation and performance have secured it an impressive list of clients, selling programmes for some of the world's top international producers. The company, based in the heart of London's West End and with a sales office in Los Angeles, is additionally involved in merchandising, publishing, multi-media and character licensing. Founded in 1982, it is jointly owned by United News & Media and Time Warner.

As a key feature of the company's strategic development, the Board has identified the need to appoint an exceptional finance individual, with commercial fiair, to strengthen their senior management team. The emphasis of the role will be to:

- provide firm and effective management of the finance and (T functions; • provide financial advice on
- managing the company's growth investment in programming and Competitive pressures; enhance the commercial and strategic direction of the
- ensure that high standards and best practice are established. In such a position, the responsibilities will inevitably be broad and you will be expected to make a positive contribution to decision making

The successful candidate will be an erienced graduate qualifie accountant of high intellect, whose background will ideally include experience within an international media and/or distribution organisation. The ability to make to the business is essential, as are the leadership skills to manage and motivate a team. You will possess a strong background in financial management and will have already operated at board level. The role demands high levels of commitment, drive and vision, and in return offers an outstanding salary and competitive package in a fast changing

in the first instance, please contact, in complete confidence, John Rose or Heien Calion on 0171 629 4463. Alternatively, please send your full CV, including the details of your current remuneration, to them at HW Narrison Willis, Cardinel House, 39-40 Albemarie Street, London W1X 4ND. Fax: 0171 493 6107. E-mail: john.rose@hwgroup.com Internet: www.hwgroup.com

HW HARRISON WILLIS

UK FINANCIAL CONTROLLER (SALES/SERVICE)

> Berkshire £38-45,000 + Car

niche market, manufacturing high value capital equipment. The UK subsidiary imports, sells and distributes products to an established base of blue chip clients. With an unrivalled commitment to customer service and ambitious plans for expansion a role has been created for a talented finance professional to play an important part in the growth development and control of its business.

Our client leads the world in its

Reporting to the Managing Director with a dotted line into European finance, responsibilities will include:

- timely management reporting
- and financial control; management and development of the budget/ forecast process;
- . full responsibility for IT: presentations and negotiation
- with dients: management of a small
- finance team; Influencing commercial

decisions and business development from a financial perspective.

will possess financial and business experience, idealty gained in a sales/service industry. You will need tenacity, drive and the ability to deal with finance/ non-finance staff at all levels.

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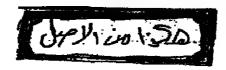
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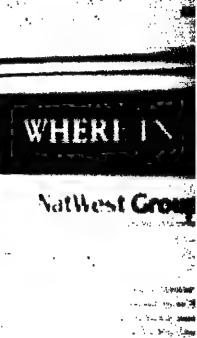
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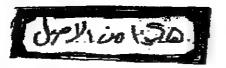
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Clampdown on animal antibiotics. The daily feeding of antibiotics to animals, widespread in North America and most of Europe, is being blamed for breeding drugresistant "superbugs". The EU and US are clamping down on their use as scientists warn they are putting humans at risk. Page 28.

Pay deal settles Frankfurt's nerves Lifted by the end to the IG Metall union pay dispute, the Frankfurt stock exchange regains half of Wednesday's losses with the Xetra Dex index improving 50.67 to 4,871.09. Page 36; Editorial Comment, Page 15

Rise of the 'city-within-a-city'



Shareholders of Canaly Wharf, the 34ha office complex in London's former dock area, are considering a public offering of shares just three years after the project recovered from ankruptcy. But it is not yet a fully-fledged "city-within-a-city" like New York's Rockefeller centre. That requires

superb transport links and the creation of a genuine community. Property, Page 20

Heinz attempts a transformation William Johnson, chief executive of H.J. Heinz. says reorganising the group along product lines rather than by geographic region will be "the. greatest transformation in the history of the company". But his is not the first attempt to breathe new life into the food group. Page 20

Investors lose faith in Prague Emerging market fund managers have tost

petience with the Czech government and are cutting their holdings of the country's stocks. The Social Democrate have failed to convince them that they have a strategy to pull the econorny out of recession. Page 36

Dollar punches through recent highs The dollar continued to rise against the yen, reaching a 10-week high late in the London session before easing back slightly, Page 25

Philippine banks urged to lend Banks in the Philippines are coming under increasing pressure to kickstart the country's subdued economy by deploying surplus liquidity into new lending. But there is little demand from quality borrowers. Page 21

investors launch African mining fund A group of investors has launched a fund to invest in Africa's mining sector. Page 26

Japan moves to calm bond markets The Japanese finance ministry sought to calls , bond markets by eaving government blinds would be issued in line with market needs, in the

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CROSSWORD, Page 26

MARKET STATISTICS

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Tractebel chief pressed to resign

Baron Philippe Bodson has been given an ultimatum to step down as chief executive of Tractebel, the Belgian energy group, or face moves by the group's largest shareholder to

Mr Bodson was considering his position last night after a resign. meeting at Tractebel's Brussels head office of its strategy committee - commising seven of its 25 board directors - to: discuss the boardroom crisis. Gérard Mestrallet, chief executive of Suez Lyonnaise des Eaux, the French utilities group which owns 50.3 per cent of Tractebel, also met'senior managers to reassure.

Duke bids

\$2.1bn for

51% of

Endesa

Hilary Durgin in Houston

Duke Energy, the US utilities

group, yesterday ended months of speculation by

launching a \$2.1bm bid for a

controlling 51 per cent stake in

Endesa Chile, the country's

largest electricity generator

and one of the most important players in Latin America's rapidly liberalising energy mar-

The offer raises the stakes in

an intensifying battle between

US and Ruropean energy.

groups. These are jockeying to

consolidate positions in the

region ahead of a privatisation

calendar this year that

includes sales in Brazil, Peru

of its stake in the generator.

power generating energy mar-

Doke's offer, at 250 pesos per

share and 7,500 pesos per

American Depositary Receipt

and Central America:

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them about Tractebel's future. nlarly over Mr Bodson's ambition to merge Tractebel with Events have come to a head only days after Mr Bodson returned from a Himalayan partly-owned Belgian electricholiday, but follow weeks of Belgian media speculation that ity and gas businesses. he was under pressure to

All parties refused to comment yesterday. But Mr Bodson is known to have differed with Suez Lyonnaise over strategy for Tractebel, which he has transformed from a holding company into an international energy group that is one of Belgium's most impor-The two have clashed partic-

But the trigger for calls for his dismissal seems to be Mr Bodson's defence of his own autonomy and refusal to work

closely with Suez. Mr Bodson had meetings on Monday with Mr Mestrallet and Viscount Etienne Davignon, chairman of Société Générale de Belgique, Suez's whol-ly-owned Belgian subsidiary that is the vehicle for its Trac-

stand down because of a "lack Electrabel and Distrigaz, its of group spirit" and what Suez considers "lack of trust" between the Belgian chief and his biggest shareholder.

If Mr Bodson does not accept the offer to resign with a generous pay-off, a full Tractebel board meeting is expected to be convened to vote on his removal. Jean-Pierre Hansen, Electrabel chief executive, is tipped to succeed him.

minority shareholders who have enjoyed handsome returns - Tractebel's shares

Largest investor gives ultimatum to energy group's head cent since January 1998 and have comfortably outperformed the European utilities However, the Belgian gov-

widens gap ernment - which took steps to over rivals safeguard Tractebel's autonomy when France's then Compagnie de Suez merged with utility group Lyonnaise des Eaux in 1987 - has been largely quiet. In Mr Bodson's 10 years at Tractebel, turnover has nearly doubled from BFr205bn (€5bn, \$5.7bn) to BFr388bn, as it has evolved Mr Bodson's removal could from a ragbag holding com-trigger a backlash among pany into a fast-growing energy group and the world's third biggest independent

By Alexandra Harney in Tokyo Honda Motor, the Japanes carmaker, lengthened its lead over its domestic rivals in the

third quarter by raising net profits nearly 20 per cent, in spite of the collapse in Japanese car sales. However, the company warned it could be adversely affected by the appreciation of the yen. Satoshi Aoki, managing director, said that consoli-

dated group sales would proba-

bly be at least Y100bn (\$862m) below the Y6,400bn already forecast for the full year. Analysts said Honda had become too dependent on the US market and sales in other regions were slipping. Tsuyoshi Mochimaru, analyst at Dresdner Kleinwort Benson, estimated that at least 90 per cent of the group's last-quarter

profits came from the US. Robust US sales lifted profits before taxes and exceptionals by 11.5 per cent to Y136bn in the nine months to December 31. But gains in the US were offset by a sharp decline in Japan, leading to a 3.9 per cent fall in turnover to Y1,494.8bn the first drop in sales in the third quarter since 1995.

Analysis recently increased their earnings forecasts for Honda, based on performance in the US and the positive impact of exchange rates in the third quarter. Peter Boardman, auto analyst at Warburg Dillon Read, expects net prof its at Honda in the year to March to exceed the group's forecast of Y280bn. Mr Boardman expects net earnings of Y300bn on turnover of Y8.462hn.

The results highlighted the growing gap between the weak and strong of Japan's big five carmakers, amid the industry's sharpest contraction in demand since records began in Toyota Motor have seen record profits and are expanding production and sales networks overseas, Nissen and Mitsubishi Motors are expecting huge losses and are scaling back production capacity. Mazda, which is owned 33.4 per cent by Ford, is rebuilding from

Honda said favourable exchange rates were the main factor behind the third quarter performance, which marked three years of record growth.

years of losses.



Glaxo predicts return to growth this year

By David Pffling in London

Endess of Spein, which has no legal relationship with the Chilean group, last mouth impached a \$1.45bn hid to do Glean Wellcome has forecast for its management of the double-digit growth in profits patent expiries of Zantac and the dominant drug in the US sespits suffering a \$800m 'Glaxo's pipeline of products have to spend heavily on further to 32.7 per cent. ble its 32 per cent stake in tac, its once best-selling ulcer electricity distributor and one of the biggest operators in drug.

"If we take Zantac out, 91 per cent of our business is Sir Richard Sykes, chairman of cent stake in Endesa Chile. It the UK drugs group. "We have it succeeded in its own takeby has ever seen." over bid. Enersis last month held talks with Duke about a

brade:sale of the holding, valned at about \$10m, but the US green withdrew fearing a bidon flat sales of £7.96bm. In con-Although yesterday's offer is

single patent expiry our indus-Glaxo yesterday reported pre-tax profits down 1 per cent to £2.571km (\$4.35km) (£2.695km)

cent. Analysts praised Glaxo vous system drugs, Glaxo's would hold this steady in 1999. pin a strong performance beyond 2000. Although Glazo dominates the respiratory market, which accounts for 27 per cent of its sales, analysts said it faced a stiffer challenge in

The HIV market, one of Glaxo's strongest franchises, innears to be reaching saturation point as patients in the US and Europe bring the disease under control. Sales of anti-virals, which account for 17 per

to protect market share. Sir Richard pointed to Seretide, a combination asthma

rose 5 per cent and sales 4 per cent to £1.35bb. In central ner- cent, but Glaxo predicted it

treatment, Relenza, an inhaled titis B tablet that has been approved in China, as drivers growth. He admitted that, with sales of £8bn, the company would need to find a huge blockbuster to "have a significant effect on our vol-

The trading margin dropped from 35.4 per cent to 38.6 per

third largest category, Imitrex, Excluding a change in accounting practice, which and sales this year after main. Zovirax, a harpes treatment. migratile market, faces grow-capitalises computer software, faining flat earnings for 1998. But some questioned whether ing competition. Glaxo may margins would have slipped failed to pull off an agreed

merger with Anglo-American rival SmithKline Beacham said Glaxo was still big enough to compete, though it would always remain alive to strate gic opportunities. Earnings per share, includ-

ing the accounting change, were 51.1p (52p). Glazo announced a full-year dividend of 36p (35p). The shares rose 21p to £20.14.

targeted mainly at minority Wall St banker shareholders, Duka officials said they would be happy to see Enersis tender all or some buys back group Bruce Williamsen, president and chief executive of Duke Energy international, a wholly-owned subsidiary, said in from NatWest Santiago yesterday that the takeover, if cleared, would create "the first truly regional

and Clay Harris in London

Street's best-known bankers, yesterday bought back his company from National West-

leagues confirmed they had

paid an undisclosed sum to

regain control of NatWest's US

corporate advisory arm. Relations have been amic

ble, profitability has been our standing but, with the major

strategy, the rationale for us

continuing to be together evap-

The physical viability of

eing an owner is the most

important ingredient of poten-tial viability going forward

and that's why we bought the business back," he added.

Mr Gleacher is best known

banker, but the deal with Nat-

West includes three other busi-

ness units built up by the

group - high-yield, US acquist-

tion finance and private

Mr Gleacher set up his com-

pany in 1990 after several

years as head of mergers and

As part of the deal with Nat-West, Bank of Scotland,

bank Morgan Stanley.

orated," said Mr Gle

(each ADR represents 39 shares), equates to an 18.5 per cent premium over Wedne day's closing price on the Santbanking group. The deal ends 3% years of ownership by NatWest of the iago Bolsa, but a 66 per cent mprovement on a month ago, before speculation about deals Gleacher group. In 1995 Nat-West paid \$135m to acquire in Chile's electricity sector began to offset regional uneass er as part of its ambiin the wake of the Brazil's tions attempt to build a global investment bank. Those plans have since collapsed. Yester-

Doke is already present in Argentina, Chile, Ecuador and Peru. More than half of Ende Chile's \$10km in assets are held outside its home country, in Argentina, Brazil, Colombia The company would also

consider taking as much as 65 per cent of Endesa Chile's equity, assuming that share-colders vote in favour of lifting current legal limits from 26 per cent at an extraordinary general meeting scheduled for

Duke, advised by CSFB, sees the Endesa-Chile deal as a chicle in transfer the strategy it has been successfully following in the US to its interna-Mona) operations.

Endesa's far-flung power generation operations could provide Duke with an entry to develop gas transportation or energy merchant services in a equity. variety of markets, similar to what it has done in the United

The North Carolina-based energy company, which has more from \$26km in assets, has built an integrated energy

group, will take a stake of just under 10 per cent in Gleacher It will also provide financial backing for Gleacher's highyield and acquisition finance units and has contributed ar \$180m private equity fund.

Gleacher's 100 staff achieved total revenues of about \$125m in 1998, with acquisition finance and high-yield units and M&A 40 per cent. Profit, before compensation costs was \$113m.

NatWest is thought to have on the disposal but said there would be no material impact on its 1999 results. her and NacWest have

months, but the talks intensified last November when the employment contracts of Mr Gleacher and several other of the 20 partners ended. The UK bank broke up Nat-

West Markets late in 1997 by selling its European equities business to Bankers Trust and Deutsche Bank. In addition to Gleacher, it kept Hawkpoint NatWest, a debt markets business. Yesterday's disposal raises questions about their

Alton Irby, Hawkpoint's chief executive, said the relationship would be reviewed. Hawkpoint is likely to buy itself out of NatWest over two or three years. Mr Irby, who had planned to step down has agreed to stay another another UK retail banking three to five years.

Masters in Finance day 23 February, 6.30pm aria Oriental Hotel, 5 Connaught Road - Harriday 25 February, 8.30pm 24 Medi Shinjaku, 2chome Shingarin, Monthy 1 March, 6.20pm Fair Sensora Hotel, 190 Oction Bost ich Gellery, 100 George Street

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Aegon buy lifts tempo in US life market

Aegon's nurchase of trend in the US life insurance industry for the largest companies to gain scale, and

the post-war "baby boom" generation has aged.

small pensions businesses in per cent premium. the US, with Aegon holding about \$12bn in assets, and viously in the second rank of US, despite its slow growth name. The Transamerica real estate busine

mostly for small companies. ranked 11th, with \$63.3hn in help Aegon to grow in the to build on. Aegon said yesterday that Transamerica speeds the any further acquisitions would be in this area.

San Francisco, has endured focus on specific product a significant corporate restructuring in the past few In particular, Aegon said years, quitting its large conyesterday it was keen to sumer credit business to conbuild its presence in the cor- centrate on life insurance porate pension or 401(k) mar- and commercial lending and ket, which has grown fast as leasing. Its share price languished as a result and it did Both companies have was prepared to sell for a 35

Both companies were pre-

assets, according to AM US consumer savings mar-Best, the rating agency. ket. Donald Shepard, head of while Transamerica ranked Transamerica, based in 21st with \$35.5bn.

third, although with \$98.6bn Transamerica name in the in assets it will be a long way behind Prudential Insurance of America (unre- Moodys Investors Service, lated to the UK company of said: "Strategically it makes the same name) and Metro- a lot of sense. Aegon has a pacity for a lot of companies, politan Life. Both the Pru large insurance company in and MetLife are mutual and the US but it doesn't have a ment going on." not surprise analysts that it plan to float by the end of well known brand name. If

Aegon's US unit, said in New York that the company The new entity will rank expected to trade under the consumer market.

Keven Maloney, analyst at growing gangbusters, like you are going to be in the The Transamerica brand top echelon of life insurers name is well known in the in the US you need a good

Analysts questioned whether Aegon would hold on to Transamerica's leasing, commercial lending and

Larry Altman, of Booz-

Allen & Hamilton, the con-

sultants said This reflects

the trend for consolidation

in the life industry. Parts of

it aren't growing. like life

insurance while others are

pensions. There's a combina-

tion of over- and under-ca-

and there's a lot of realign-

Transamerica holding \$6bn. US life insurers. Aegon in recent years, and this will name gives them something have had a volatile earnings record over the last few years, and jolhuly account for 40 per cent of the company's earnings.

Mr Shepard described these businesses as "noncore" but said they were well mariaged.

Previous examples of consolidation have seen a few companies, led by American General and Conseco, act as "consolidators" - buying a string of small life companies. A few larger companies, including Aetna and Cigna, have opted to leave life insurance in favour of



The Dutch insurer's \$9.7bn takeover of Transamerica is another step into the lucrative US market, writes Gordon Cramb

event being marked by stock option plans in the the Aegon chairman was his Netherlands. It has a workdaughter's graduation rather driven but open internal culthan the \$9.7hn takeover of ture, where a chat is pre-Transamerica Corporation ferred to a memo, and husithat the Dutch insurance group had just clinched.

Deals - though its agree- out the need for central ment yesterday to buy the approval. US group was by far the higgest - have become a way of life for Aegon. The company, formed from a five-way grown to be the Netherlands' group. Only Royal Dutch/ Shell has a higher market one has done. capitalisation.

skirts of The Hague - no match architecturally for Transamerica's San Francisco edifice - Aegon commands assets of more than \$147bn. Of these, nearly cent higher. \$64bn are in the US. That reflects previous takeovers such as the 1997 acquisition ting itself up.

The new units contributed to growth, and Aegon shares put into the US. In Europe gained 155 per cent last year, making the company the says Mr Storm, though the best performer among the ton two dozen Ameterdam After failing to make heads

Shareholders in Siemens,

Germany's largest engineer-

ing and electronics group,

yesterday supported a bold

business plan that will allow

it to list on the US stock

tional competitiveness and

shareholders meeting was

marked by dissent - includ-

ing calls for chairman Hein-

rich von Pierer to resign -

shareholders nevertheless

approved capital restructur-

ing measures that will pre-

pare the 150-year-old German

conglomerate for a listing in

the US in the first half of

boost shareholder value.

market, sharpen interna- giants," said Alfred Schog-

The meeting marked a shareholder value, reproach-

milestone in the company's ing him "for giving in to

history after Mr von Pierer's banking analysts".

Although the annual private bank

ir Frankhitt

ing last night. But the most generous employee ness units are encouraged to develop new products with-

The top few dozen executives know not only that their quarterly performance ments are a big factor merger 15 years ago, has in determining the size of their annual bonus; but that biggest home-grown listed colleagues at their level will be circulated with how each

Aegon capped a record 41 network From a modest, boxy, head per cent annual net profits office on the northern out- growth in 1997 by being 45 per cent sheed in the first half of last year. But it said last November that it expected the result for all of 1998 to emerge only about 25 per

Aegon concentrates on five markets: apart from the US and the Netherlands, it is of the insurance operations active in the UK where it of Providian, a financial ser- owns Scottish Equitable, and vices group that was split- has sizeable operations in Spain and Hungary.

But most money has been "things are very expensive," group is alert to possibilities.

announcement of a massive

corporate restructuring in

"The meeting fits the pic-

ture of a company that

wants to list in the US and

become an international player that can measure

itself with other global

graf, Frankfurt based and-

lyst at Delbrueck & Co, the

For years Siemens has

lagged behind competitors

such as Intel. Microsoft and

IBM on its return on capital.

Last year the stock mas-

sively underperformed the

DAX index of 30 blue chips.

representatives criticised Mr

von Pierer's alleged obses-

sion with boosting US-style

Meanwhile, employees

ees Storm was celebrat- ful on costs, has one of the direct-sales life business, which is said to be breaking

> And it has in recent years been opening life operations in Asian markets such as Taiwan and the Philippines. Among the tasks of Frank Herringer, the Transamerica chairman who is to join the Aegon board, will be to develop Aegon's business in the Asia-Pacific region.

Mr Storm has repeatedly rejected bancassurance - the idea that his group should merge with a commercial bank such as ABN Amro, so that its products can be sold through the bank's branch

Still, in buying Transamerica he inherits non-insurance operations ranging from commercial lending and equipment finance to leasing. About 21 per cent of Transamerica's \$58.5bn assets are in such areas, and these brought in 82 per cent of its \$6.43bn revenues last year, excluding annuities. The group has not decided

Heinrich von Pierer, Siemens

With criticism now coming

has never been under more

pressure to perform. There is

widespread consensus that

Mr von Pierer's next big test

when Germany's largest

engineering and electronics

agreed yesterday, Siemens is

set to buy back up to 10 per

cent of its own shares, worth

DM297.4m (€152m, \$170m),

chairman, may have come

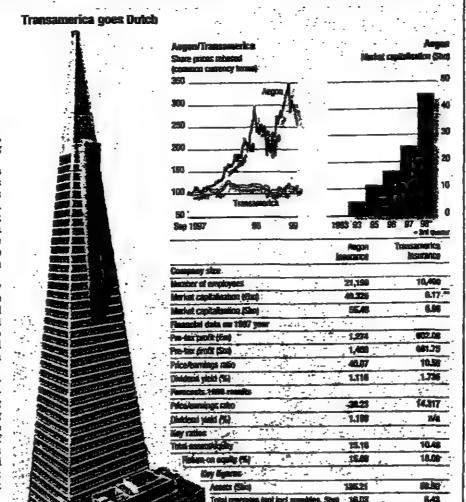
under heavy fire yesterday,

but his head is not yet ;

rolling, writes Uta

even from larger shareholders, Mr von Pierer

what to do with these. Describing the units as prosperous leaders of their market segments and with good management, Mr Storm adds: "We certainly don't feel burdened by also acquiring substantial non-insurance activities." Analysts way in a takeover quest in expect they will be sold, but Aegon, while cultivating Germany, it started there one in no great hurry. an unfleshy image and care- its own instead, with a Life assurance, pensions



and related savings and investment products make up 36 per cent of Aegon's remainder is in health cover and property and casualty insurance, largely within the

Von Pierer under pressure to perform

group announces its

six-months results.

Then, Mr von Pierer has to

prove two things. First, the

results must indicate he can

keep his promise to:increase

fiscal 1998-99 sales by more

than 12 per cent, and profits

by an even higher ; percentage. Second, he has

to show evidence that even

by DM350m to a total of

DM500m; start reporting in

euros under US accounting

standards in fiscal 1999-2000;

a 150-year old industrial

caint can survive and be

competitive in a world

marked by corporate

streamlining.

.Under the measures increase authorised capital

There it enjoys the protection of Vereniging Aegon, an association set up to protect its interests, which is the group's biggest shareholder. The foundation will see its per cent but will build this and world superleague.

However there are factors

in his favour. He is tiked by

important because labour

system. Nevertheless, even

Siemens employees feel that

times are changing. "We no

longer celebrate company:

armiversaries," said one

Siemens employee. "We

used to be the firm-where

no one was ever fixed, but that is changing," be added.

make, supervisory board

share price rather than the

employees, which is

representatives have

Germany's corporate

enormous power in

time. Il will meanwhile help smooth Aegon's share price until completion of the Transamerica deal.

At that point, Aegon will stake initially diluted to 30 have graduated to the US

Siemens wins approval for plan to list in US

voting rights held particularly by members of the Siemens family will be abol-

ished. "A lot of the practices at Siemens are very quaint and outdated in the eyes of the Angle-Saxon fund managers," said an analyst. In other words, Siemens has heen forced to abandon the traditional German industrial model based on consensus, not on shareholder

Yesterday's measures would have two immediate goals: first, to appeal to US institutional investors and second to modernise the company throughout.

members' pay subject to the. keen on a US listing because it will allow it to acquire US dividend: and to offer share husinesses through share options to its 500 top manage swaps.

NEWS DIGEST

INSURANCE

Skandia to seek separate listing for non-life side

Skandia, the Nordic region's largest insurer, yesterday announced plans to list separately its non-life insurance operations as part of a restructuring of the region's insur-ance sector. The listing will take place "within a Yew years," with Skandia intending to maintain a mmority stake of between 20 and 49 per cent in the new company.

The move comes in the same week that the Swedish bank SEB put its Trygg-Hanse unit's non-life insurance operations up for sale. In 1998 Skandia's non-life operations had a premium income of SKr18.96bn (\$2.4bn) and an operating profit of SKr1.53bn with a market share

of 15 per cent in the Nordic region.

The announcement came as Skandis reported a drop in operating profits in the 12 months to December 31 to SKr3.63bn, from SKr6.01bn a year earlier. Total sales rose from SKr73.9bn to SKr30bn, with semings per share down to SKr2.43 versus SKr6.65. The board proposed to increase the dividend by 20 per cent to SKr0.90. Nicholas George, Stockholm

airlines

SAS warns of downturn

Scandinavian Airlines System yesterday became the latest European carrier to signal the Impact of slowing business traffic by issuing a profits warning and announcing a restructuring. The three-nation carrier - 50 per cent owner by the governments of Sweden, Denmark and Norway predicted its pre-tex profits this year would be significantly lower than the SKr2.83bn (\$357m) achieved in 1998.

Jan Stanberg, SAS chief executive, vowed to defend margins by embarking on a two-year restructuring designed to cut annual costs by SKr3bn, Senior officials indicated that the group would not decide on a \$1.5bn order for new long-haul aircraft until SAS was "comfortable" with its cost structure.

Mr Stenberg gave no details on the scope or cost of the restructuring, but predicted it would improve gross mergins by 3 percentage points. SAS reported full-year operating profits up from SKr2.38bn to SKr2.96bn, on sales ahead from SKr38.9bn to SKr41bn. Nicholas George

RETAILING

Carrefour ahead to €647m

Carrelour, France's largest retailer, yesterday reported an 18.5 per cent rise in 1998 net profits to €647m (\$727m), in spite of its exposure to volatile Letin American markets. The group's shares rose 11.7 per cent to 6619, making it the sharpest rising share on the Paris exchange yesterday

Daniel Bernard, chairman, said Carrelour's operating. profits in 1999 would rise 20 per cent from last year's E1.03bn. Brazil accounts for a quarter of Carrefour's profits and Argentina for roughly 10 per cent. The group is planning to pay a €4.9 dividend in April, up from €4.57 for 1997, it also announced a 6-for-1 share split "to improve liquidity on the securities". Samer Iskandar, Paris Lex, Page 16

EGYPTIAN BANKING

CIB posts 16% rise

Commercial international Bank, Egypt's largest private sector bank in terms of assets, yesterday reported a 18 per cent increase in net profit for 1998 of EE310m (\$91m), and a 38 per cent increase in income growth in its core business. The annual results were announced as the bank carried out a significant restructuring of senior management positions following the resignation this week of Adel el-Labban as managing director. The bank yesterday named Hisham Ezz al-Arab as Mr el-Labban's successor.

Mr Ezz al-Arab, currently managing director of Deutsche Bank in London, becomes deputy managing director responsible for corporate and investment banking as well as foreign transactions, and is expected to be named managing director later this year. Mark Huband, Cairo

DOMESTIC APPLIANCES

Merioni hit by E Europe downturn

Merioni of italy, Europe's third biggest maker of domeaticappliances, warned yesterday that its profits this year would come under pressure due to weakness in demand in eastern Europe linked to last year's economic crisis in Russia. Unveiling an 11 per cent fall in pre-tax profits last year to L77bn (639.8m, \$44.7m), from L86bn in 1997. Francesco Caio, chief executive, said its sales efforts in eastern Europe had suffered a "substantial slowdown" following the devaluation of the rouble last summer.

The company said its profits would probably hit a "plateau" this year, given continuing weaknesses in Russia " and other countries in the region such as Poland. Peter Marsh

UNION FINANCIERE DE FRANCE

1998 net result: 29 million euros (191 million french francs) 23% increase in dividend

1998 Net result millions of euros 29 millions of francs 191 Return on equity 19.9% Net result per share 6.6 7.0 7.A 46,2 48,4 fruncs 43.4 Dividend per share 47 6,1 7,5 francs 31,0 40,0 49,2 4.6 billions of euros Assets under management 3.6

billions of francs . In 1998. UFF marked its thirtieth year in business with a continuation in its growth. Capital subscribed reached a record level of 1,2 billion euros and this led to new increase in consolidat

1998 also saw: √ an increase in client loyalty, with a 15% rise in assets under management.

a 20% leap in real estate sales, linked to the extension of the Perissol regime. √a rise of 19% in the corporate sector.

✓ a drop of 34% in life assurance following uncertainty in the fiscal area. The good results posted for 1998 demonstrate UFF's ability to offer a wide range of products covering the four complementary sectors of : units trusts, retirement savings, life assurance and real estate

UFF's approach to investment management is appreciated by a growing number of clients: 10,000 new clients in 1998 In order to follow up this growth, UFF has continued to strengthen its commercial arm with the dual a

of improving client loyalty and increasing the number of private and corporate clients. 147 new financial advisors were added to UFF's teams during 1998 and increased training of the commercial network, a major development in 1998, will be continued in 1999. UFF has also strengthened its range of products with the setting up of a small cap unit trust fund, the

updating of the Luxembourg range of products, the launch of a new generation of relicement-savings products (article 83) and the integration of a D.S.K. option in the life assurance. Investment management - a different approach Union Financiere de France Banque Investors Relation: Olivier FROC - tel: +33 0-1.40.69.63.16 e-mail: oftoc@csi.com.

Gucci raises the stakes in shares war

The fashion house has adopted an unusual defensive strategy against LVMH in the battle for control of the group

LYMM 1999: Alain Chavalier resigns as claimmen of LYMM; managing director Henri Recamier is stripped of his responsibility 10 months later, completing dispute over control of LYMM by eviding remaining appoinents in 1990

1995: much-loved house designer Hubert de Givenchy retires as chief designer, and is replaced by John Calliano, then Alexander McQueen

Chirlethan Dior 1984; acquires Dior in French government auction, through Amault family-

controlled company
1988; pussificant Bottom as chief designer, replaces him with Giantranco Ferre, who is letter, removed in favour of John Galliano.

Caucal 1999: assembles 34.4% stake within a month of shock amountement that LVMH owns more than 5%. Gucci board opposes proposal to put LVAH nominie on board and issues aheres \

DOP'S (duty free chain) 1999; buys mejority stake but minority chareholders tile suit against him to block move; LVMH inter wins case

By Allen Roumbons

When Domenico De Sole, Gucci president, flew home to Italy from New York in the early hours of last month's Epiphany holiday, he told his wife that he might take the day off because things seemed "calm" at the company.

A few hours later, LVMH, the French luxury goods group, announced that it owned more than 5 per cent of Gucci's shares. His "calm" shattered, Mr De Soleplunged into negotiations with LVMH, which has since raised its stake in Gucci to 34.4 per cept.

Their funny war ended yesterday, and hostilities commenced in earnest, when Gucci, which is quoted in Amsterdam, deployed an obscure provision in Dutch corporate law by issuing 20m shares (the same number as LVMH owns) to a newly created Employee Stock Ownership Plan

If LVMH increases its holding. Gucci, advised by succession of often-bruising within an alliance of luxury if Mr Arnault was to to do battle in the courts in Morgan Stanley, will issue acovisitions. more shares. LVMH has retaliated by

Bernard Arnault, LVMH time, Mr Arnault, advised by gio Armani, the Italian fashchairman, is no stranger to .Goldman Sachs, appears to corporate conflict. Dubbed have met his match, at least for the moment. the "wolf in cashmere cloth-As Cédric Magnélia, luxing" during the bitter battle

Givenchy 1988: wire control of Givenchy

to neutralize LVMH, which threatens legal action

"unacceptable inancetivre"

in which he won control of ury analyst at Credit Suisse LVMH in the late 1980s, he. First Boston in London, put has subsequently adopted an it yesterday: "LVMH has equally aggressive approach been blindsided."

to expanding its drinks and huxury goods interests in a goal is to include Gucci brands including Prada, its Over the years, his adver- Italian arch-rival, his own LVMH has retaliated by saries have deployed various assets, such as Louis Vuitton taking legal action against offensive and defensive ploys

usually triumphed. This houses, and, possibly, Glorion group with which he has been in long-running invest-

When LVMH began buying Gucci shares last month paying an estimated average price of \$70 for each of take legal action against Mr Arnault's long-term of \$1.4bn - Mr De Sole's bly, the US. prime concern was that, cent bid.

what it describes as an against him, but LVMH has Dior and Givenchy fashion offer, according to Mr De -cashmere clothing".

started discussing a possible standstill agreement. Behind the scenes, Guori held inconclusive talks with prospective "white knights".

and Morgan Stanley analysed its defensive options in case its talks with LVMH failed. Meanwhile, LVMH proposed appointing a nominee director to the Gucci board.

Morgan Stanley's solution was to issue enough shares to Gucci's employees in the ESOP to neutralise LVMH's stake, thereby leaving it up to independent shareholders to decide on issues such as the appointment of the nominee

图 安山东东南

THE SEC.

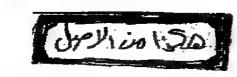
DENTE OF STREET

in échange

WELL STAMPS

Mr De Sole says Gueci bas verified that its actions are lawful. However, LVMH questions the legality of the manner in which it has exercised its right to issue additional shares. It intends to its 20m shares, or a total Gucci in Europe and, possi-

Both sides are now braced control the company, he the next stage of what should do so with a 100 per threatens to be an unusually acrimonious corporate skir-Mr Arnault declined this mish - even for a "wolf in



Maria de la compansión de

Standia to seek separate side

Mile State And State Sta

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Carretour ahead to €647m

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rises on discount brokerage growth

Rapid growth in its discount brokerage business has led Toronto-Dominion Bank, the Canadian bank, to a record first quarter that easily beat analysts' expectations.

house Services, the second online stock trading.

ably ahead of the consensus count brokerages in the US, of analysts' estimates of 95 Canada, Australia, Europe on the consensus according to a First and Hong Kong jumped by the consensus count by offering aggressive companies of the discount head year while other leading ness, it would also dilute the Canadian banks are down

Almost all the gain came from the discount brokerage business, which has boomed in North America as traders TD, which owns Water- flock to low-commission,

largest discount broker in Net income from TD's business aggressively, said the US, saw net income rise wealth management divito C\$312m (US\$209m) for the sion, which includes dis-dent, wealth management. quarter ended January 31, count brokerage, rose to up 6 per cent from the same C\$49m, double the profit in less than one-third of the debate" over that proposal. period in 1998. Earnings per the same quarter last year. size of Charles Schwab, the share of C\$1.01 were comfort. Revenues from its global disclargest US discount broker, TD currency for future

Heinz tries to squeeze more

The US foods group hopes to harvest the rewards of a \$900m

inding growth in the US is not the first attempt to stocks to under-perform the

ketchup market might breathe new life into the S&P 500 significantly in the

It is less than two years

since Heinz unvelled Project

closures, 2,500 job cuts and

\$200m of savings. In the lat-

est annual report Mr John-

that "through vision, vorac-

ity, value, volume and veloc-

ity, we can achieve victory".

The pragmatic Mr Johnson

out of the ketchup bottle

restructuring, writes Andrew Edgecliffe-Johnson

seem as arduous a chal- ketchup and baby food

weeks, US retail consump- Millennia, a US-based pro-

tion of Heinz ketchup has gramme involving 20 plant

The surprising statistics son trumpeted the message

lenge for H. J. Heinz as get- group.

ting sauce out of one of its

bottles. Yet in the past 12

gone up by 13 per cent. The

figures for the last month

show a jump of 34 per cent.

are the fruits of a new mar-

keting push behind some of

Heinz's most established

brands. They also give some

indication of what the 130-

year old group hopes to

strategic move by William

Johnson, the son of a Cin-

cinnati Bengals football

coach who took over from Tony O'Reilly as Heinz's

Mr Johnson says the decl-

sion to reorganise the group

chief executive last year.

the company".

announced this week.

C3111m, an 87 per cent gain, of its chief competitor. with Waterhouse alone accounting for C\$97m of the additional revenue.

"It does reflect a valida-

had, which is to grow this While Waterhouse remains

TD revealed last month it

was considering a limited public offering of shares in its discount business to capition of the strategy we've talise on rising stock market valuations. But Charles Baillie, chairman and chief executive.

told analysts yesterday the bank was in harried While an IPO would give

in its flagging fortunes in

the past year, but the non-

food operation remained "an

albatross around its neck."

Trimming that excess cor-

porate weight will bring in

an estimated \$700m. Of more

long term significance, how-

ever, is the proposed divi-

Having always been organ-

sional reorganisation.

according to one analyst.

bank's best asset, he said, slightly. noting "there may not be

acquisitions out there to do"... Mr Baillie said TD was trying to determine how much business. Retail activities of the value can be realised account for 48 per cent of without an offering, through TD's allocated capital, a figincreased disclosure of the ure the bank wants to grow contribution of the discount to 60 per cent by 2001. arm to the bank's overalloperations.

TD shares, which rose 35 ment banking business had cents to C\$65.80 in early reached optimum size and

The bank also plans to reallocate spending towards retail from its wholesale

· · TD · executives said the bank's corporate and investtrading yesterday, are up would be refocused.

CCF admits to takeover threat

France, one of France's 10 admitted it was vulnerable

pendent.
"Are we happy to be inde-pendent? Yes. Are we confident for our future? Yes." said Charles de Croisset. chairman. "Are we vulnera- company that is listed". ble to a takeover? Yes also." His warning coincides with growing speculation

shareholder in the group. CCF shares yesterday . A sale of Mutuelles du ically since the beginning of the year when it became known that Mutnelles du Mans, the mutually owned insurer that is CCF's second largest shareholder, had hired Lehman Brothers to_ advise it on selling its 7.8 per

ent stake. The US investment bank is thought to be in negotiations with up to a dozen, mainly foreign, potential buyers. The pressure on French this month, when Societe Générale announced an agreed €15bn (\$16.8bn) bid for Paribas, creating the country's largest bank This week, Banque Natonale de Paris, the second

leading role in next month's Crédit Commercial de privatisation of Crédit Lyon, nais, by offering guarantees largest banks, yesterday that no jobs would be cut if the two were to merge. to a hostile takeover but said . Mr de Croisset has repeat. it would try to remain inde- edly emphasised that he would fight for CCF toremain independent. However, yesterday he acknowledged that the bank could be taken over "like any other

A bettle for control of CCF would be the first hostiles move on a French bank since Société Générale fended off an unsolicited bid, large block of CCF shares soon after its privatisation in could create a new leading the late 1980s.

通過過過過過過過過過過過過過過過

closed at €79.25, down 3.1 per Mans' stake to an existing cent. They have traded errat- shareholder, such as ING. the Dutch insurance and banking group, would make it CCF's largest shareholder. Late last year, ING more than doubled its holding to almost 6 per cent. It controls indirectly another 2 per cent of CCF held by BHF, the German bank, in which ING. has a 39 per cent stake.

Last month Swiss Life, the insurance company partly controlled by UBS, the Swiss bank, increased its stake to just over 10 per cent, reinforcing its position as CCF's largest shareholder.

CCF yesterday reported a

30 per cent increase in 1998 net profits to FFr2.09bn (€319m, \$359m), and said it would pay a dividend of largest listed bank, stepped 41.40, up 37 per cent.

Barrick to acquire **Sutton Resources**

Barrick, Canada's largest Sutton's properties are in gold producer, yesterday Tanzania, and include the announced an agreed allstock acquisition of Sutton estimated to contain 3.6m Resources, a Canadian exploration company, writes Edward Alden.

The C\$525m (U\$\$352m) offer comes less than two weeks after Barrick failed in a hostile bid to acquire Argentina Gold, a junior mining group with promising properties that border Barrick mines in South

Bulyanhulu project, which is ounces in proven and probable gold reserves. Barrick is offering 0.463

ton share, valued at C\$13.25 based on Barrick's closing price on Wednesday. Sutton shares yesterday rose from C\$7 to C\$12 in f. early trading on the Toronto Stock Exchange, while Bar-

rick fell C\$1.20 to C\$26.80.

Barrick shares for each Sut-

'Most US food achieve through the \$900m restructuring that it companies are The plan, which involves only going to cutting up to 10 per cent of Heinz's 40,000 staff and deliver 8-10 per spending another \$100m on marketing, is the first big

cent growth' and his newly revamped senior management decided. however, that more sweeping measures were needed. Heinz is by no means alone in having to take such

along product lines rather Concerns about the impact than by geographic region of consolidation among the will be "the greatest transalready powerful retailers, formation in the history of and a string of disappointing But Operation Excel, as earnings announcements, the latest scheme is known. have caused food company

Restructurings are under way at Kellogg, Kraft and Nabisco, producing a seemingly incessant series of "non-recurring" charges

last six months.

around the industry. Many of Heinz's rivals, including Campbell Soup, are similarly putting their faith in increased investment in marketing.

Heinz will spend another \$100m on marketing initiatives such as the 99 cent commemorative" ketchup bottle and Private Pickle, the mascot tasked with increasing sales to Heinz's largest US customer - the military. This tacit admission that Heinz had failed to support some key brands sufficiently in the past will require an increase in the marketing budget from 9 per cent to 10 per cent of sales.

It will go hand-in-hand with a review of the product list, simplifying the pet food offering, moving towards price-based costing, and attempting to seize more than its current 20 per cent share of the \$6bn tuna mar-

OTH EDIT OF

THE INTERNATIONAL PROPERTY MARKET

1 14 MARCH 1999

PALAIS DES FESTIVALS -- CANNES - FRANCE

ised by region, Heinz will There will also be more now focus on six core food fundamental organisational categories: ketchup; frozen foods; tuna; soups, beans changes, such as the sale of

its 30-year-old Weight Watchand pasta meals; infant the next four years. That tarfoods; and pet products.
"We need to present one ers dieting classes business. Promotional activity featface to our customers," a Dillon Read, to upgrade his uring the Duchess of York had contributed to a revival company spokesman recommendation on Heins

> Within these product cat- day. He said: "You are egories, the focus will be on looking at a scenario where six main geographic marmost US [food] companies kets: the US; the UK; Italy; are only going to deliver 8-10 Canada; Australia and New Zealand.

Its acquisition strategy will be to use these bases as in Heinz's ketchup business. a platform for expansion into Eastern Europe and other parts of Asia, Mr Johnson told analysts.

The objective is to produce earnings per share growth of 10-12 per cent each year for

cate the growth already seen such enthusiasm will prove

per cent growth."

justified. Recent history and the toughening environment for food groups suggest, however, that Operation Excel may not be Heinz's

get persuaded Chris Jakubi, food analyst with Warburg

from hold to buy on Wednes-

li Mr Johnson can repli-

NORMA COHEN THE PROPERTY MARKET

Rise of the city-within-a-city

A public offering of shares in London's Canary Wharf highlights the qualities of these specialist developments

developed an analytical

method - space syntax - to

dentify areas which lend

themselves naturally to

Prof Hillier's research

attractive that the average

visitor is prepared to walk

further - 462m to be exact -

to get there than to any

other site in the City.

Stuart Lipton, chief

executive of Stanhope, the developer of Broadgate,

points out that it, too, wa

derided when it was first

mooted, as was what is

successful

arguably one of the first

cities-within-a-city, New

York City's Rockefeller

raggests that Broadgate is so

becoming hubs of commercial and residential

chivity.

If any event marks a stunning reversal in the fortunes of Canary Wharf, the 34hm escate in London's Docklands, it is the news that its shareholders are considering a public offering of shares and inviting outsiders to acrutinise its

The project, which made a descent into bankruptcy hefore being resurrected in 1995, has acquired the critical mass to allow completion of the remaining

two-thirds of the estate. If Canary Wharf did not work in 1991, why is it able to now? Its buildings are no more efficient or beautiful than they were in 1992 and the Jubiles Line extension connecting it to central London has yet to be opene rendering it as remote as

But John Rockefeller Can Canary Wharf ever be understood how to transfer fully integrated into the value within a site, not just. great city around it? And have it on its fringes," Mr what is it that makes these Lipton says. Tom Curley, head of urban cities within a city" work? design at Chicago-based architects Skidmore Owings

Bill Hillier, professor in the school of architecture and urban planning at University College London, argues that it is not quite fair to consider Canary Wharf a city-within-a-city. First, it has no social infrastructure - no schools, churches or playgrounds rendering its residential ousing most suitable for a transient population. Worse, he says, it is

physically cut off from the community around it. Canary Wharf is only a step from Poplar High Street," he says. "But you have to take a circuitous route to get into Prof Hillier cites

Broadgate, at the heart of London's financial district, city-within a-city. Although it contains no residential elements, it is surrounded by residential areas within a one-mile radius. Of similarly successful projects. Prof Hillier says,

their characteristic is their

connection with the space

& Merrill, says the

residential developments along the line of the former Berlin Wall at the city's He and his colleagues have Rockefeller Centre "works", centre - is much closer to first, because it is built over being a true example of the a nexus of subways promising rapid access to New York's residential heartlands in Brooklyn, the Bronz and Queens, "But mostly," he says, "because it has brilliant public spaces." The creation of a fantastic outdoor skating rink, a

beautiful interior lobby and the Radio City Music Hall adjacent transform the site into a 24-hour community. It is the open spaces around buildings and how they are used that transform a prosale series of structures Line connection to Canary

nto a city-within-a-city, says

Mr Curley. Tony Fitzpatrick, a director at structural engineers Ove Arup and Partners, one of Canary Wharf's construction consultants; agrees with Prof Hillier's analysis that Canary Wharf and the highly successful office complex which about Paris. La Defense, are not "true" cities-within-a-city.

Berlin's new

genre because of its social infrastructure Nonetheless, "dip-in, dip-out" communities, such as Canary Wharf and La Defense, can be highly successful, both for their investors and occupants. provided they are blessed

with one key ingredient. Transport. transport.transport," says Mr Fitzpatrick. La Defense sits on top of nexus of three high-speed rail lines and the Jubilee

Wharf is, finally, a certainty, sealing both sites' futures as commercial developments. With some 25,000 workers already calling Canary Wharf home, it now has the critical mass to attract many more occupiers. "Companie want to be somewhere their employees can get to, omewhere their customers can get to, somewhere their employees can network and conewhere the rents are

:heap," Mr Fitzpatrick says. "There is no fundamental reason why that area should not be as attractive as Fulham or Chelsea," he says. referring to two of London's most desirable residential communities. "It is the same distance they are from the best parts of town and they have the same river running through them."

Mr Curley cautions against a rush to judgment on developments, such as Canary Wharf. "Cities take time," he says. "They don't just take off and they do need pioneers." He points out that Pierre

L'Enfant, designer of Washington DC, laid out plans for a city far larger than anyone in George Washington's day imagined. "People went back and forth on this muddy road

between the White House and Congress and grumbled Why did they build it this way?"." Mr Curley says. "It took 100 years, at least, before Washington grew to its intended size."

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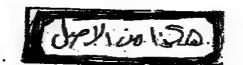
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CCF admits to takeover threa

COMPANIES & FINANCE: ASIA-PACIFIC

INSURANCE JAPANESE ASSOCIATION TO CONFIRM THAT IT WILL NOT SELL LIFE ASSURER

LAA fails to secure buyer for Aoba Life

Paul Abrahams in Tokyo

The search for a buyer for Japan's Aoba Life has ended in failure. The Life Assurers Association of Japan will confirm at its board meeting today that it will not sell Aoba Life, which was set up by the association last year to take over most of the business of Nissan Mutual, a medium-sized life assurer that collapsed in April 1997. It represents another blow for international life assur-

attempt to gain a significant foothold in Japan.

Companies such as USand Artemis, the holding company of Printemps, the retailer, were reported to be interested in acquiring Aoba Life. It is understood that several domestic companies were also interested.

The failure comes as the

deals that have been nego- LAA was willing to sell tiated recently include the one between GR Capital and based insurance group AIG, Toho Mutual, another weak der process, the deal fell life assurance group, where Toho's liabilities were effectively "ring-fenced" from the US company by selling Toho's new business to a

Last week, Canada's Financial Manulife announced a similar deal Japanese government is with the troubled Japanese encouraging weak life assur-ance groups to seek foreign Mutual. However, such deals

separate joint venture.

ance companies in their partners. Two successful are still rare. Although the Aoba to a foreign buyer through a competitive tenthrough because of disagreements about price and contract conditions.

> conditions were, but it is suspected that they were related to Aoba's liabilities and similar ring-fencing Structures.

It is not known what these

There is mounting pressure to restructure in the Y190,000bn (\$1,598bn) life

assurance sector, which has been hurt by recent shimps in the Japanese stock and property markets, and the appreciation of the yen. The sector's core business has also been damaged by years of paying higher returns on policies than were justified by investment returns.

Standard & Poor's yester-

day downgraded its ratings on four big life assurers, Asahi Mutual, Mitsui Mutual, Sumitomo Life and Yasuda Mutual. The Financial Supervisory Agency has

panies with solvency margins below 200 per cent will be encouraged to leave the market or find a partner.

Aoba's solvency margin a key indicator of financial health - of 228.7 per cent at the end of March 1998, was the worst in the sector.

Aoba was set up to take over the operations of the bankrupt Nissan Life, after fellow affiliates within the Fuyo group failed to come to the rescue. Morgan Stanley advised the LAA on the deal.

NEWS DIGEST

JAPANESE CARMAKERS

Sales of mini-cars offset weak demand for trucks

Figures released by Japan's leading carmakers yesterday suggested that new regulations on mini-cars helped lift sagging production levels in January. But weak demand from municipal governments and companies battered truck

Honda's sales jumped 10.2 per cent compared with the same period last year, largely because of brisk sales of mini-cars and recreational vehicles. The group cut domestic production by 9.5 per cent, raising output overseas 8.6 per cent and exports 14.4 per cent.

Toyota, the world's third largest carmaker, reported a 4.3 per cent increase in car sales in Japan. But truck and bus sales were hurt by weak demand, falling 8.3 per cent. While domestic production tumbled 14 per cent, Toyota raised output overseas 4.9 per cent and car exports 10

Nissan, the troubled car and truck group, cut overseas production 25.6 per cant compared with the same period last year. Slow sales in the UK, US and Asia were among

the reasons for the cut-backs, it said. Domestic sales slid 7.1 per cent, mainly because of a collapse in truck sales.
Mitsubishi was also hurt by slow sales in the truck division, posting a 3.3 per cent decline in total sales. Export

volumes shrank 1.7 per cent, despite a 14 per cent increase in car shipments. The group's domestic production was flat, and overseas output contracted 8.5 per cent. Mazda suffered a 2.3 per cent decline in domestic sales and 6.9 per cent contraction in export volumes, mainly because of slow truck sales. The group raised overs production 25.3 per cent. Alex Harney, Tokyo

MEWSPAPERS

Fairfax profits up 18%

Australian newspaper publisher John Falrfax Holdings yes terday said not profit for the six months to December rose 18 per cent to A\$72m (US\$46.5m), after extraordinary Items. Fred Hilmer, chief executive, said Fairfax was on track to achieve a targeted A\$40m in cost savings in the year to June. Revenue for continuing business per cent, although total revenue was virtually flat due to the sale of non-core businesses such as Australian Geo-

John Greaves, finance director, said Fairfax would spend about A\$20m on its online business this year and losses would be less than A\$10m. Gwen Robinson, Sydney

FINANCIAL SUPERVISION

SESC to inspect Nomura

Japan's Securities and Exchange Surveillance Commission (SESC) said yesterday it had begun an inspection of Nomura Securities. An official at the securities watchdog would not specify whether it was a routine inspection. A spokesman for Nomura declined to comment. The Mainichi Shimbun newspaper reported on Thursday that Japan's Financial Supervisory Agency was also carrying out a routine inspection of Nomura's operations. The newspaper said the agency's examination was focused on an evaluation of Nomura's assets in the wake of hefty losses in its oversees business, Reuters, Tokyo

Cautious bankers caught up in wave of liquidity

Pressure is being put on Philippine banks to lend more, writes Tony Tassell

anks in the Philippines Bare coming under increasing pressure to kickstart the country's subdued economy by deploying surplus liquidity into new

Unlike many of their troubled counterparts in Asia, Philippine banks face a problem of plenty. They are sitting on funds ready to be lent: cash, short-term money market instruments, or government bonds due to mature in less than a year. 'The banks are awash

with liquid resources," said Deogracias Vistan, president of the Bankers Association of the Philippines. After a contraction in lending last year, the gov-

ernment and the central bank are now putting pressure on banks to use some of this liquidity in increased "The thrust is now to encourage banks to lend

more aggressively, resulting in increased economic activity." said Gabriel Singson, the central bank governor. The problem for the banks is that demand for loans remains subdued from qual-

Also, banks are cautious

sharp fall in sector earnings and an increase in non-performing loans in the wake of the Asian economic crisis. Collectively, banks are focusing on the top-end qual-



areas such as mortgages. This has meant the banks have increasingly parked funds in liquid resources such as short-term govern-Analysis said the loan-de-

posit ratio - the best measure of bank liquidity - for the country's 53 commercial banks fell to a relatively low 90.7 as at November from

lower this ratio, the higher the liquidity as it indicates more deposits are deployed in liquid resources than straight loans.

For the top-tier banks, liquidity levels would be even higher after a flight to safety by depositors.

The dilemma for the banks is that once-lucrative vields on their excess liquidity have been falling sharply with the central bank successively cutting interest rates in recent months to try to encourage banks to increase lending.

The central bank's benchmark overnight borrowing rate has been cut from a peak of about 19 per cent at the height of the Asian economic crisis last year to 12.85 per cent. Philippine financial markets widely expect a forther reduction to 11 per cent in the next few

dding to the banks' dilemma, the scope for putting excess liquidity into treasury bonds has also been reduced. The government has cut its demands on the domestic money market by raising funds from the international markets and multilateral agencies. Mr Vistan said if more of

the liquidity is not chan-

nelled away from low-yield-

between 5 and 10 per cent loan growth at best, result-

selectivity to credit, all targeting the same areas for lending such as the top-tier clients, mortgages and con-sumer credit," he said. As a result, Mr Vistan said the better Philippine banks were likely to achieve

ing in subdued earnings

growth for the sector. He

said some banks are still

likely to be reporting losses

will come under pressure.

However, he said loan

demand remains subdued

and banks still have not

relaxed tight credit stan-

dards imposed after the

"They are still applying

Asian economic crisis.

clean up their balance sheets, making increasing provisions for non-perform-Aggregate earnings forecasts by analysts for the sec-

tor vary widely depending on the number of banks surveyed and expectations for non-performing loan provi-

Ed Bancod, analyst with Paribas Asia, forecasts aggregate net profit growth of only 3 per cent for eight leading banks accounting for more than 50 per cent of the industry assets. However, profits for 1999 would depend largely on how banks perceived the trend of non-performing loans (NPLs) and

Girish Kumar, analyst with Merrill Lynch, said there had been a perception late last year in the Philippine financial markets that NPLs were close to peaking at just above the last reported industry level

of 11.8 per cent in November However, he said, NPLs were already close to his firm's forecast peak of 21 per cent for the sector if foreclosed loans and loans under restructuring were included.

"Those banks that did provide adequately [for NPLs] in 1998 will have a better year in 1999. Those that didn't will still be playing catch up," said Mr Vistan.

about new lending after a 96.5 at the end of 1997. The ing government securities, sia strategies lift Qantas and Air NZ

By Gwen Robinson in Sydney and Terry Hall in Mellington

Australia and New Zealand's flagship airlines both benefited from pre-emptive strategies to cope with the Asian

Shares in Quates Airways, Australia's flagship carrier, jumped more than 6 per cent yesterday after the airline's surprise announcement of a 34 per cent increase in interim net profit.

Qantas, which is 25 per cent owned by British Airways, said net profit reached (US\$146m) in the six months to December on revenues of The results, the fourth

consecutive record for firsthalf earnings, defied concerns about the impact of Asian economic turmoll and exceeded the \$174m-\$203m range of analysts' forecasts. Meanwhile, Air New Zealand yesterday reported a fractional rise in after-tax Paris. earnings from NZ\$82m to NZ\$82.8m (US\$45.5m) for the

six months to December 31. Chairman Sir Selwyn Cushing said recent improvements in international traffic suggested trends were steadily improving and the outlook was "satisfactory". Like Qantas, the airline

focused on alternative routes such as the stronger Atlantic. Pacific and routes to Australia, restraining costs and strengthening new giobal alliances. Many brokers last night

were again upgrading their for Qantas after upgrading just a month ago on stronger than expected domestic demand and lower fuel costs. The strong performance

was attributed to Qantas suspending faltering Asian routes and replacing them with increased traffic to the US and Europe. Also, the airline had been quick to develop routes, such as Latin America, and reinstate old ones, including Sydney-

domestic demand in the NZ\$3.4%.

Mitsukoshi to revamp

after golf course loss

13.5 per cent to A\$149m Earnings from international operations rose nearly 17 per cent to A\$194m.

Gary Pemberton, chairman, said the airline was now confident of at least matching last year's record profit without including gains from asset disposals during the year. "In the face of difficult market conditions, we were able to absorb significant capital expenditure, maintain balance sheet gearing and increase prof-

Earnings per share rose 27.3 per cent to 18.9 cents and the interim dividend increased to 8 cents from 6.5

its." he said.

On the stock market, Quntas shares jumped to a record \$4 after the results announcement, before closing at \$3.91, up 5.3 per cent. Air New Zealand A ordinary shares dropped 8 cents to NZ\$2.68 and its B shares Qantas also enjoyed strong were down 7 cents to

Asahi up 21% on sales of **Super Dry**

By Alexandra Harring In Tokyo

renorted a 20.7 per cent increase in parent net profits in 1998, a year when it replaced Kirin, its biggest rival, as the leading brewer

Profits before taxes and

Analysts said most of the increase came from a surge

dated basis, the group saw a 95 per cent decline in aftertax profits, from Y1.156bn to Y579m as a result of the sale of Torii Pharmaceuticals, a drug manufacturing subsidlary, to the conglomerate Japan Tobacco, last December.

ties in China

In 1999, the group expected pre-tax profits of Y55hn, a 9.2 per cent increase over last year, on turnover of Y1.110bm, up 7.9 per cent against last year. However,

malyst at ING Barings, said moved away from beer and toward hannoshu, a beer-like alcoholic drink exempted from the country's high been tax, Asahi would lose market share to rival Kirin because it lacked a happoshu product. If happoshu is included, Kirin still holds the culturally-important position as Japan's number one beer maker

Shares in Asahi slipped 1.5 per cent, or Y23, to Y1,565. • Asahi Bank yesterday said it expected to post Y620bn in loan-loss charges for the year to March 1999, up Y210bn from its earlier

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Pursuant to Article 11 of the Act No. 88-912 of 8 August 1986, as amended, and the Decree of 28 September 1998, of the Minister of Economic Affeks, Finance and Industry, THOMSON multimedia has decided, after four new partners (Microsoft, NEC, DirectTV and Alestel) became its ahareholders, to offer also to its employees and femosi employees the opportunity to acquire its shares.

If you are a former employee of THOMSON multimedia or of one of the subsidiaries in which THOMSON multimedia holds a share interest exceeding 50% of the share capital, and if you have a minimum of five years of seniority, and if you would like to subscribe shares, do not hesitate to contact either your former plant or, by mail, the Group's Human Resources Division. Shareholding Unit, 46 Qual A Le Gallo, 92648, Boulogne Cedex. The Human Reso provide you with all necessary information.

Notice to the Holders of EUR 85,000,000 4.00% Notes 1998/2002 (the "A Notes") and ELIR 54,000,000 3,70% Notes 1998/2002

ISIN Code: X\$0090490615

(the "B Notes")

and EUR 48,000,000 4.15% Notes 1998/2005 ISM Code: XS0090490961 (the "C Notes") HUR 64,000,000 3,77% Notes 1598/2005

(the "D Notes") (together, the "Notes" issued by

Landesbank Baden-Württsmiberg

first Interest Payment Date of the 8 Notes (21 March 1999), the C Notes (21 March 1999) and the D Notes (29 April 1999) and after the second interest Payment Date of the A Notes (27 August 1999) the day count convention applying to the Notes will continue to be 30/380.

USD 200,000,000 Floating Rate Notes due 2001

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from February 19, 1999 to May 19, 1999 the Notes will carry an Inter-

The Coupon Amount payable on the relevant Interest Payment Date, May 19, 1999 will be USD 126.08

Normandy Finance Limited Notice to the holders of the outstanding

20.000 Guaranteed Gold Denominated Notes

due 2004 **Normandy Mining Limited**

1. Chill Procesy (SEE

(a) In accordance with clause 7(K) of the Trust Deed dated 15 July 1994, as amended, (the "Trust Deed"), The Law Debenture Trust Corporation p.l.c. (the "Trustes") has released the following Guazantors (which have cassed to be subsidiaries of Normandy Mining Limited) from all their obligations under the Trust Deed. Gold Mines of Kalgoorie Pty Ltd.

(b) In accordance with clause 7(K) of the Trust Deed the Trustee has consented to the release by the Issuer and the Guarantors of the following Undertaking Subsidiery (which has ceased to be a subsidiery of Normandy Mining Limited) from all its obligations under the Trust Deed: mandy Gold Mining Manage

Notice given by Normandy Finance Limited

₹.

Barrick to acquire

Sutton Resources

Mitsukoshi, a prestigious Japanese department store, yesterday announced a sweeping restructuring plan in an attempt to revitalise It has been badly hurt as

consumer demand has dried up amid the country's worst recession in postwar history. The company has also been suffering the effects of its over-extension during the bubble era. The main item in Mitsuko-

shi's restructuring plan is a withdrawal from a failed golf course development project in Chiba prefecture, on which the company will post a Y11.3bn (\$98.9m) extraordinary loss. This, and sluggish store

store operator to issue a

against its previous prediction of a Ylhn net profit. It smallyst at Parlbas in Tokyo. also changed its forecast for pretax losses before exceptionals to Y800m, from an earlier prediction of Yl.Abn

Mitsukoshi has also decided to target around 600 employees, or 6 per cent of its workforce, for early retirement to an attempt to prune its workforce.

The company will offer these employees up to double the normal retirement benefits, and estimates that this will cost about Y15.5bn. which it will post as an extraordinary loss this year. But the group calculates

Yohn a year. The company also plans to halve the number of direcsales, led the department tors, and introduce the first executive committee system

profits warning yesterday. It in the retail secon downgraded its forecast to a net unconsolidated loss of Y26bn this business year losses had to be booked."

In the retain sector with the property of the prop

· North Annual Control of the Contro

clearing the decks - so that it can start concentrating more on positive things. This was a surprisingly positive and hands-on move." Yesterday's announcem will add momentum to Mitsukoshi's ongoing drive to restricture its business back

US upmarket jeweller, Tiffany & Co, and generated a Y26.4hn capital gain. It also amounced last year that from August it would lease part of its high-profile Shinjuku store to Ohtsuka that the move will save it Kagu, the innovative Japanese furniture retailer.

to profit. So far, it has sold

its 12 per cent stake in the

The company also said it would be posting Y20.2m in valuation losses on four of its subsidiaries. Mitsukoshi's share price

then overall bank margins in 1999 as they continue to

Asahi Breweries vesterday

exceptionals jumped 10.6 per cent to Y50.4bn (\$44Im), on turnover up 5.8 per cent to Y1,028.4bn in the year to

December. in sales of its popular Super

Sales of Super Dry climbed 8 per cent, in line with expectations, and wine sales jumped 74.1 per cent. Overseas sales were helped by the establishment of a marketing subsidiary in Europe and local production facili-

analysis warned market con-ditions could hurt profits

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per USD 10,000 principal amount of Note and USD 1,260,83 per USD 100,000 principal amount of Note.

Kredietbank Lusembourg

Halifax returns cash to shareholders

Halifax, the UK's biggest private shareholder with an did not mean its search for executive at the start of the mortgage lender, is giving average holding of 350 3.6m people - one in 12 shares will get £217. Some still had £1.5bn of surplus cash hand-out averaging holders will also benefit. more than £200 (\$325). The move is part of the group's with dividends, means an plans to return £1.5bn to average private shareholder with many merger partners must deliver synergies, and Returning capital will in a broader corporate shareholders as part of a will have received £350 since over the last year, including they must strengthen the improve Halifax's earnings restructuring to improve broader corporate restruct. flotation. excluding the Barclays and Royal Bank of

A customer still holding

the 62p per share pay-out. A

The distribution, together value of their free shares. The announcement came

cation from the bank's 1997 cent rise in underlying 1998 ing James Crosby making One said: "Mr Crosby has set aim is to take it lower to 7-8

acquisitions was off and it year. issuing its own shares.

Scotland

flotation will get £124 from pre-tax profits to £1.769bn. his first public comments out an agenda which is more per cent within three years. Halifax said the pay-outs since taking over as chief focused on making more of

> Mr Crosby said mergers keep the group's personal

Halifax brand. Analysts said the criteria. But analysts thought a if strictly applied, would rule capital ratio will fall to 9.5 company. Shareholders will the minimum 200 share allo- as the bank unveiled a 7 per merger less likely after hear- out many potential partners. from 12.2 per cent, but the receive 87 shares in company

what Halifax already has."

think they will follow a simiadults - an unprecedented 17,000 institutional share- capital. It said it could still had to be tested against lar strategy to Abbey lysts believe other mortgage fund a big acquisition by three yardsticks: they must National, making a series of lenders, life assurers, and smaller bolt-on acquisi- consumer credit operations

per share and boost its return on equity. Its tier one is setting up a new holding

T am hoping that we will get to that target first and Another commented: "I foremost through acquisitions," said Mr Crosby. Ana-

capital efficiency, the group

COMMENT

It is hard to quibble with Halifax's plan to hand £1.5bn back to shareholders, halving its £3bn plus of surplus capital. The money was burning a hole in the bank's pocket. With interest rates falling, Halifax needed either to invest or disgorge the surplus to stop it becoming a drag on earnings. Yesterday's move — combined with promises to reduce excess capital further in future years — should help the

shares, which have trailed the sector since last autumn Halifax certainly needs a punchier share price. Efforts to diversify earnings have all but stalled because of high acquisition prices. There has been some organic progress, but, while the mix of core/non-core activities has improved to 71.29, this is mainly due to soaring treasury profits. More worryingly, the cost income ratio is actually rising. Halifax says this is because of investment. But until it yields

教育,中国中国中国中国中国的国际自己的自己的国际,但是他们的国际的国际,但是他们的国际的国际的国际,但是他们的国际的国际的国际,但是他们的国际的国际的国际的国际,但是

returns, investors should be wary. Elsewhere, in the core mortgage business, Halifax is feeling the competitive heat. Plans to scale back its share of the new mortgages seem sensible in view of the continuing squeeze on margins. But they just highlight the need to continue increasing faster-growing, higher margin business outside the core. James Crosby, Halifax's new chief executive, seems to have ruled out clearing bank mergers as a way out of this dilemma. But unless he can expand the non-core side of the business, investors may see things differently.

William Hill

William Hill's emberrassing cut in its flotation price could be presented as the latest sorry evidence that smaller companies are out of favour. This has some truth, but the reasons are not flattering to the vendors. William Hill resembles all those flotations that entailed thevendors getting out while the going was good, leaving new investors with a slow or no-growth stock. It is coming to the market on the back of a bumper year, thanks to betting on the World Cup; 1999 profits may well be down. This is not to say the company has no story to tell. It is a market leader albeit sensitive to consumer spending - and its management is well respected. William Hill is now priced at nearly 10 times 1999 earnings, with a prospective net dividend yield of 4.5 per cent. This is a tempting discount to its peers, which is how it should be.

AITC critical of Electra

The Association of Invest-

ment Trust Companies has suggested Electra Investment Trust, which is likely to wind up following a takeover approach from its rival 3i prompted its own down-

Daniel Godfrey, director general of the trade body, said: "Electra has done a great job in managing sets. But they have obviously failed to market themselves to private investors. which is why they are now

in this situation." The remarks from the formerly fusty AITC are likely to spark controversy in the conservative investment trust business. It is highly unusual for a trade body to comment on a bid battle involving its members.

Draft figures for the com-

Credit Suisse First Boston to

advise it on options to

Johnson Matthey said in

improve shareholder value.

November it was making the

electronic materials business

a stand-alone entity as a first

step to its disposal. Analysts

estimate the business could

But Mr Godfrey, a marketmonths ago to help rescue

themselves more effectively. "The industry has been very under-marketed. Everything that is happening to Electra shows this with great clar-Michael Stoddart, Electra's

chairman, said this week that the "whole investment trust industry was under siege". He claimed the trust's proposed defence against 3i, which could lead to it being wound up, was the best way of releasing value to institutional inves-

tors. . The sector, which suffered its biggest net loss of assets in more than a decade last year, is under intense pres sure from institutional investors who have become increasingly dissatisfied with the wide discounts between share prices and net

Meanwhile, 31 is consider ing making an offer directly ing expert appointed nine to institutional shareholders. It yesterday confirmed it valuing Electra at £1.2bn.

asset values in the sector.

Bank juggles reality with the sound of a tactical retreat

The bank hopes to both retain leadership of the UK mortgage market and to cut its lending ambitions; Christopher Brown-Humes investigates

alifax, the UK's biggest to remain so," he said. But nesses to 29 per cent of profit mortgage lender, yester- he acknowledged the group from 24 per cent a year ear-day sounded a tactical would need to buy some- iler. There were strong perretreat in the battle for UK thing the size of Birming- formances from Clerical mortgage business

longer seek to win a share of assets which Halifax will new mortgage business each year to match its share of existing business.

James Crosby, chief execu- stock. tive, said that it would instead aim to take about 10 to 11 per cent of net new lending each year as an noting a similar move by average over the business Abbey National, the second

This compares with the year. One said: "It's a wise bank's 18 per cent share of total UK mortgages.

The move recognises real- out to do it they would set market push in the second ity because the bank's share of net lending has fallen well short of its overall stock in recent years, because it has bank to continue its diversinot been prepared to sacrifice margins.

Last year Halifax saw an outflow of business in the first half, but by taking 11 per cent of net lending in the second half its full-year position recovered to 5 per cent. This equates to net residential mortgage lending of growth in Halifax's core 2850m, against £1.26bn in retail businesses - up just

would still retain leadership because it would continue to

We are the market leader

would need to buy someham Midshires - a £750m The bank said it would no purchase bringing £8bn of where profits climbed from complete in April - every three to four years just to its jumped from £94m to hold its share of mortgage £169m.

> Analysts welcomed the bank's decision to scale of weaker margins and a 3 down its lending ambitions. st mortgage lender, last step because 18 per cent is resilience, particularly given not achievable. If they set the aggressive mortgage

> themselves up to fail." But he added that it Remortgages - which Hali-emphasised the need for the fax has traditionally But he added that it fication strategy to boost movers and first time buyers earnings from outside its core mortgage and savings

Analysts say mortgages are a mature business with weak growth prospects.

Yesterday's results showed the contrast between profits 1.2 per cent to £1.31bn - and Mr Crosby said the bank the 33 per cent jump to 2541m among its diversified businesses, which include life assurance, consumer credit and treasury.

This lifted the contribu-

Medical, the life assurer. \$53m to \$70m, and from the treasury division where prof-Halifax said core business

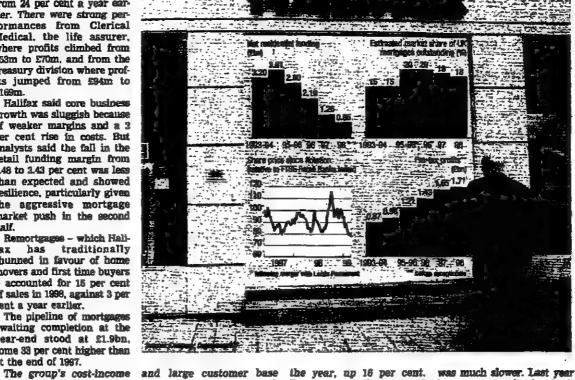
growth was sluggish because per cent rise in costs. But analysts said the fall in the retail funding margin from 2.48 to 2.43 per cent was less than expected and showed

shunned in favour of home accounted for 15 per cent of sales in 1998, against 3 per cent a year earlier. The pipeline of mortgages

awaiting completion at the year-end stood at £1.9bn, some 33 per cent higher than at the end of 1997. per cant. However, Mr

Crosby said he was commit-

ted to holding expense



ties for organic expansion. He set a target of increasing sales of additional products increases to no more than 3 to existing customers by 50

per cent in both 1999 and per cent over the next five

ratio rose from 40.4 to 40.9 gave it plenty of opportuni- Barnings per share rose 9 it spent £745m buying back per cent to 47.5p. Analysts said Halifax's

plans to return capital - and to continue its share buyback programme - should increase earnings per share He added that Halifax's A final dividend of 13.5p by at least 10 per cent this and it is our firm intention tion of the diversified busi- brand strength, franchise, makes a total of 20.25p for year, even if profits growth

its own shares.

"Future dividend growth will broadly follow sarnings per share movements," said Jon Foulds, chairman. The post-tax return on equity was 16.3 per cent, against 16

William Hill scales back price of share offer

By Strabeth Roldinan

William Hill, the bookmaker which is being floated by total value of the business, Nomura Principal Finance, has scaled back the price of its share offer after weak compared with earlier estidemand from institutions.

month. At the latest price Walker. Some observers like we have been caught in seemed happy at the lower worth of shares. John place in the betting shop sector, is evangelical about the UK's second largest thought the quick profit that a change in market senti- and of the scale, describing Brown, William Hill chief market to Ladbroke.

Consolidated data

· Earnings per share

Western Europe

Middle-East

The Americas

Asia

Africa

Central Europe/Central Asia

Refining and gas treatment

Petrochemicals and fertilisers

Industry, Infrastructures and others

Upstream oil production

 Turnover • Group net earnings bookmaker will be capital- Nomura stood to make from ment."
ised at £405m, compared the sale might have been a Obse with around 2525m. The including £375m debt, is therefore just under £800m. mates of nearer £900m.

TECHNIP

TOWARDS A NEW GROWTH PHASE

1.840

6.51

• The Backlog (value of the uncompleted part of contracts in force) reaching 2 8 billion

euros (18.3 billion francs), improved by 12% over the historic record of one year ago. This represents more than 18 months of tumover, not including the purchase of KTI

and MDEU and demonstrates TECHNIPs ability to resist in a troubled international context

his incident greener. In the operations of the period, of Alliance contracts which do not have the same impact as tumkey contacts on Group tumover ipant of the equipment and labour costs are assumed directly by the customeri. Tumover would have been % higher with an identical contractual basis. This situation has no effect on profitability.

Strong trading in refining and growth in upstream oil production:

. Trends noted at the half year were confirmed:

Breakdown of turnover by geographical area

Breakdows of turnover by business segment

- Good trading levels in the Middle-East and Africa:

. The modest growth in turnover for a very sustained level of activity is due mainly to the

12,112

42.7

2n

23

10

reason for institutions asking for a lower price.

Dillon Read, the lead manstantially below the indica- ment to Nomura, which enthusiasm for initial public

+ 2%

+ (6.3%

1997 (%)

40

17

17

1997 (%)

47

burg had simply got the prio-

ing wrong, but they ive range of 155p-175p bought the business for offerings. David Freud, man- the indicative price range announced at the start of the £730m in 1997 from Brent aging director, said: "It looks was announced, analysts minimum holding of £1,000

it as fair. The historic p/e is executive, targeted punters Observers suggested War- now 7.3, compared with 11.7 with a poster campaign in

In contrast to the instituinvestors can apply for a 72.4m new shares.

all 1,500 shops.

The final pricing and allo-The price reduction is an expressed surprised at the tional demand, the retail cations are expected to be embarrassment for Warburg level of the cut. One tranche has been doubled announced on Monday. The Dillon Read, the lead manner of the cut might profit that the calculations are expected to be announced on Monday. The state of the cut o ager. It claimed that the sale vide room for movement cent of the offer, although at trading on March 1. Up to The move is a disappoint- had suffered from ebbing upwards before the offer this level it is not likely to 300m shares will be on offer, closes at 5pm today. When be oversubscribed. Retail representing an issue of

William Hill holds second the embattled 251bn (\$99bn) had made an offer of 705p,

Dividend stance

Market confidence in Rank was partly restored yesterday despite the diversified leisure group reporting a dive into the red after heavy exceptional charges.

aids Rank

However, a 16 per cent drop in profits excluding exceptionals to £255m (\$417m) was in line with expectations, and relief that the final dividend had been held at 12.75p, giving a total up 2.8 per cent at 18.5p, helped Rank's shares rise

22%p to 226%p.

A £98m charge to reflect the switch to the FRS 11 accounting standard for fixed assets, and £208m of charges and provisions for disposals left the group with a 251m pre-tax loss (£260m profit). Turnover was

£2.06bn (£2.01bn). Sir Denys Henderson, chairman of the group which includes Butlin's holiday camps and Hard Rock cafes. was upbeat about the current year. He said: "There are signs of a more positive trading environment in some of our businesses."

However, the full-year figures reflected a downturn in the second half, traditionally Rank's stronger period. Douglas Yates, acting chief Douglas rates, acting executive, said the falls across many divisions were a result of refurbishments as part of a £2bn capital expenditure programme.
"A lot affected the second

half but it puts the business on a pretty good footing for 1999 and beyond," he said. The gaming arm also suffered in the second half, with full-year operating profits down 7 per cent to £53m. The Deluxe video duplication business reported flat profits of £88m.

----, .

Heavy trading in euro shares

By Edward Luce

denominated in euros on the was £366bn (\$596bn). London Stock Exchange itself a record month for the turnover, which was 52 per

ous record for turnover of don.

the combined shares priced The surge in volume, Almost all of the 200 euroin the 11 "legacy" currencies which was also recorded

accounted for 42 per cent of said the euro's higher-thanoverall turnover in January, expected share of overall Although the euro was turnover in euro-zone curthe single currency's share reflected the high concentra-

zone company listings on the Trading of shares last July. Overall turnover across other European LSE are secondary. exchanges, came partly as a Officials at the exchange result of general relief over bined turnover of the eight

the smooth transition to the German stock exchanges, euro over the new year. including the Deutsche However, analysts said Borse, which is in the midst cent above the combined that the LSE's impressive of hammering out an allishowing in euro-denomi- ance with the LSE, are only launched on January 4, rencies last January, nated stocks also allayed thought to indicate that fears that liquidity would trading volumes in January of turnover on the LSE com- tion of European funds migrate to the continental were roughly the same size fortably exceeded the previounder management in Lon-exchanges after the launch as the LSE's turnover in of the single currency, euro-denominated stocks.

Approaches made Zeneca holders back Astra merger to JM division

By Lucy Smy

Shareholders of Zeneca, the den who are known to UK drugs group, have voted by a majority of almost 100- of large institutional shareto-one to go ahead with the holders were in favour. company's proposed \$35bn merger with Astra of to meet on March 18 to con-

A total of 539m. shares less than 6m against. Sir Sydney Lipworth, the Swedish group's patent chairman, said although expiry problems.

there were a handful of small shareholders in Sweoppose the deal, the majority Astra shareholders are due

sider the merger. Sweden's small sharewere voted in favour of the holder association, whose members hold 11 per cent of nary meeting in London, and Astra's shares, have said the merger would not address

By Charles Pretzlik

Johnson Matthey, the metals and electronic materials group, yesterday said it had received several approaches from companies interested in buying its electronic materi-

als business.

However, the group be worth about \$450m. declined to comment on who had approached it and said: "All options are being considered, from a trade sale to Muse, Tate & Furst, the vena flotation on Nasdaq." ture capital firm, and Allied-Johnson Matthey has asked Signal, the industrial group.

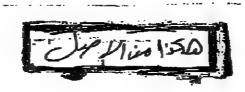
Analysts said the division could attract interest from US buyers, including Hicks,

From A Jackson — 6 milm to Cor 75 196,3 (154.7) Danica Benshess — 8 mills to Dec 31 + 1,339 (1,514) (13.3<u>4</u> (45.5<u>4</u> 12.2† 140L 4.66 51.1 (1.514) 323.31.6 (7.39) 1.7 (0.5%) (7.39) 2.571♥ (2.588) (7.900) 2.571♥ (2.588) (1.78) 0.346 (0.149) (2.012) 511.4 (250.4) (11.8) 1.13♥ (0.027.4) (3.35) (52) (43.5) (0.4) Glaco Wedicours _____ Yr to Dec 31 13.8 0.150.75 20 47.5‡ 0.96 17.1‡ 6.28 _ Yr to Dec 31 13.5% 17.5 20.25 loward Holdings ____ 6 mins to Oct 31 3.29 18.5 (21.2) (0.41L) 12.75 _ Yr to Dec 31 2.057 Sian and Luthers _ 6 miles to Nov 27 ± COVERNMENT Trues Mar (c) 175 (r) 1.08L 7.03 (-) (5.36) (17.46) 18.6 Mer. 24

Earnings shown basic. Designeds shown neit. Pigures in headacts are for corresponding period. After exceptional charge, "Vitter exceptional charge," Vitter exceptional charge, "Vitter exceptional ch

Earnings per share increased by 16 3% to 6.51 euros (42.7 francs) per share, as a result of profit growth, and of cancellation of 5.85% of the share capital following the implementation of the share repurchase programme THE ACQUISITION OF KITI and MDEU The sequence of pre-closing operations corresponds to the timescale foreseen. The organisation of the teams mergers is at an advanced stage and will be announced at the closing of this acquisition, which should occur in March 1999. The acquisition of KTI/MDEU and the significant anticipated complementarities at all levels igeographically and technologically as well as in customers and financing) should enable TECHNIP to achieve a substantial increase in profit The Group's objective is to achieve at least a 50% increase in earnings per share within a DESIGN & CONSTRUCTION OF MAJOR INDUSTRIAL PROJECTS

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1) ividend stance aids Ran

EURO PRICES

Europe rises as ECB holds interest rates

EUROPEAN OVERVIEW By Philip Coggan

EQUITIES

European markets managed The FTSE Eurotop 100 index, a rate change. After bourses 2,749.4 while the broader results. And then Wall Street 3 per cent as most analysts 1,198.55.

had expected.

II THREE MUNITY ELECTION FUTURES (LIFTE) £170 100-100

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closed, the ECB left rates at Eurotop 300 inched up 10.4 to

Share price performance Street on Wednesday, where

managed a gradual rally

A weak finish on Wall

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Open int.

per cent, or 4.73 to 980.94. early trading. a modest gain yesterday as weighed down by a flat UK ther takeover news, with from Wednesday's losses. zone. He recommends an they waited to see if the later market and a weak Swiss Dutch insurer Aegon paying The agreement - a 8.2 per overweight position in est meeting of the European bourse, managed only a 0.1 \$9.760 for Transamerica and Central Bank would result in per cent rise, or 1.76 to by some solid corporate

> after trading got under way yesterday.

But that was offset by fur- ket, which bounced back other countries in the eurocent payment - might yet prove a problem for German

Peter Oppenheimer, global

strategist at HSBC, says his The settlement of the Ger-FTSE Actuaries Share Indices European serie Yeld gross % FTSE Eurotop 300
FTSE Eurotop 100
FTSE Butte 100
FTSE Eurotop 100 1198,55 2749,40 980,54 1178,30 1187,33 1224,60 +0.09 +0.06 +0.48 -0.39 -0.17 -0.30 +1.04 +1.76 +4.73 -3.88 -2.57 -1.00 2.28 2.14 2.83 2.34 2.21 0.61 1234.78 1.97 906.26 1.39 TMAT 1.22 1222.26 1.38 1213.84 0.95 1248.24 fall €11.8 to €200.7.

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	FISE Excelos 360 Review						
	Esobiac	1229.84	+0.40	+4.87	.2.08	0.69	1256.8
	LIK .	1158.84	-II.OE	-0.93	3.54	0.73	1215,5
١.	Busope Ex-Eurobies	1177,39	-0.23	-2.74	2.49	0.52	1220.0
	Burepe Br-UK		+0.18	+2.14	2.09	. 0,54	1246.50
	FISE Eurolop Industry Se						
	RESOURCES	809.86	-0.89	-7.25	3.59	0.94	847.84
	Mining	831.50	+1.64	+13.43	4.25	0,00	649.06
	OF & See	778.46	-1.00	-7.53	3.55	. 0.94	798.25
	MSIC NEOSTRES	1044.40	+0.14	+1.43	2.86	· 0.86	1067.52
	Chemicals	804.60	+0.12	+0.95	2.81	0,85	. 819,47
•	Connacion 1 No Made	948.59	+0.26	+1.86	2.48	1.13	957.96
•	Formary & Paper	865.72	+0.15	+1.32	4.45	0.00	905.30
	REMERAL MONSTRALS	1105.12	+0.25	+2.76	2,44	1,04	1129.61
	ANTONIOS A DATABLE	788.82	-1,93	-15.54	2.11	0.00	799.7
	Diversified industries	967.74	+0.20	+1.97	210	0.00	989.87
	Entranto & Sect Dark	996.85	-0.36	-3.52	1,80	1.50	1003.79
	Culturary & Martinery	984.80	+1,44	+13.94	3.89	1.65	1000.0
•	CYCLICAL COMP ROOMS	1291.57	-0,81	-4.91	2.42	0,00	1327.41
	Asiomobiles	961.13	+0.25	+2.66	2,45	0.00	976.04
	State of Laboratory	1247.00	-3.44	-44.50	2.28	0.00	1258.5
	HOME-CYC COMS 80000	1210.98	-0.06	-0.72	1,50	0.05	1244.32
	Beverages	920.BO	+1.25	+12.30	2.98	0.00	940.68
	Food Produces & Processes	910.07	0.86	-8.04	1.71	0.00	920.79
	Health	B41.47	+0.27	+2.29	6.92	0.00	054,00
	Personal Cara & Hea Profes	774.72 1092.89	-0.66 +1.63	-5.28 +17.53	1.16	0.00 0.00	775.89 1102.22
	Pharmaceulicula.	1108.59	-0.07	-0.86	1.17	0.00	1114.81
•	Tobacco	1405.68	-1.59	-22.78	284	1.42	1433.84
•	CHCLICAL AFRICATION	1223.88	+0.54	+8.85	2.30	. 0.86	1322.48
	Distributors	700.93	-2.98	-21.51	421	9.00	708.80
	Seneral Retailors	1040.27	+1.25	+12.07	3.05	1.08	1062.81
	Jahren Erderbrei & Hobsis	936.38	+1.42	+13.07	2.19	6.02	265.85
	Marie & Protegostily	1185,12	+0.07	+0.84	1.93	0.00	1197.78
	PAGE & Dreaming	811.42	-0.39	-0.20	3.46	2.84	837.81
	Support Services	1087.78	+0.18	+1.99	1.37	0.00	1099.30
	1umebour	947.96	+1.15	+10.78	2.86	1.81	967.25
	MON-CTCLICAL SERVS	1340,82	+0.41	+5.50	1.51	0.44	1380,22
	Personal Street Personal Street	1026.58	+2.28	+22.91	2.03	0.51	1042.74
	Teleconomications Serve	1329.03	+0.01	+0.14	1.61	0.39	1349.24
	UNLINES	1451.57	-0.43	-8.31	3.00	3.71	1543.42
	Tecarcity	1106.17	-0.00	-11.12	3.21	3.42	1145.03
	Bas Cintribution	1162.92	+0.39	+4.82	1.62	1,00	1303.50
	Water	965.16	+1,75	+18.63	5.21	2.42	1013.38
			_				

1271.18 +0.30 0.23 +3.81 +0.40 -0.45 +2.27 -0.81 -1.18 +0.61 +3.82 -4.34 +35.13 -7.98 -7.85 +4.56 998.11 962.50 Life Assurance Investment Co Tool Estate -1.94 1.70 0.04 886.04 200007 2419.22 210.78

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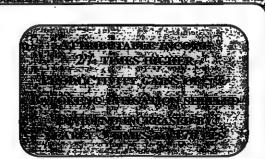
was strongest in the euro-zone countries, with the Average dropped 101 points. Metail and the employers' underweight position in Ger-FTSE Ebloc 100 index up 0.5 weighed on sentiment in association was well-re-many, which will not enjoy ceived in the Frankfurt mar- the same kind of growth as cent rise plus a one-off I per France and Italy, where growth prospects are better and where, in the case of corporate profit margins, France, there is accumulating evidence of corporate

restructuring. In sectoral terms yesterday, the strongest areas were food and drug retailing, where well-received figures from Carrefour lifted the shares €65 to €619, and life assurance, where the favourable reaction to the Aegon deal helped the shares gain €4.7 to €89.3. Both sectors rose 2.3 per cent on the day. The day's loser was household goods, down 3.4 per cent, as Gucci's trenchant defence to the LVMH bid carried the laxur's shares to

EURO SPOT FORWARD AGAINST THE EURO 7.6725 -0.3468 S21 - 936
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42.7433 40.9550 4.1278 -1.7 4.1423 -2.4 4.2156
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BONDS																			
INTEREST	RA	TE S	AWE	PS							EURO-ZON	E BO	NDS						
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1 year .	3.07	3.10 3.17	5.27 5.16	5.30 5.19	1.48	1.52	1,32 5,36	525 -538	0.29	0.32	Pet 18		Coupm	ومنتحا	price	Jane 1	yld		SISTEM
2 year 3 year	3.13 3.29	3.23	5.18	122	1.65	1.80 2.03	5.43	5.45	0.86	9,59	THE ANTERSTRUCTURE IN	01/01	4.260	AAA	102.019	2.15	-0.00	÷0.17	+0.12
4 year	3.46	3.50	5.20	5.24	2.16	2.94	5.49	5.82	0.95	0.88	Denarark	01/02	4.750	AA+	103.923	3.29	+0.01	+0.22	+0.18
g year	3.63 3.79	3.67	5.20 5.20	5.24 5.24	2.34	2.42	5.54	\$.57 \$.82	1.49	1.37	Sweden Graete	02/01	5,000 6,750	Mir BBB	114,818	3.18 4.47	+0.00	+0.18	+0.18
7 year	3.85	3.97	5.20	5.24	2.89	277	8.84	5.67	1,71	124			6.750		114.010	701	+0.00	10.21	THE STATE OF
8 year	4.06	4.10 4.21	5.21 5.21	5.25 5.25	2,85 3.00	2.83 3.08	5.88 1.71	5.71 5.74	1,86	1.91	· Salarina Lon	10/07	5.500	488				+0.24	40.82
10 year	4.38	430	1.20	5.25	3.14	3.22	LITS	5.76	2.16	2.19	A08 E8	04/08	6.000	ATA	107,902 106,707	4.37 4.10	+0.05	+0.24	+0.35
12 year	4.41	4.45	5.24	3.29	3.37	3,47	3.61	5.84	237	2.41	Barofina	12/09	8.625	AAA	109.378	4.51	+0.03	+0.25	+0.50
15 year 20 year	4.81 4.82	4.85	5.25 5.26	5.30 5.32	1.82	3.72	5.80 5.96	5.02 8.01	2.62 2.61	2.87 2.86	World Beek	04/05	7.125	MA	117,580	3.85	+101	+0.22	+0.31
25 year	4.94	4.96	5.25	5.32	3.96	4.08	5.96	6.01	2.90	2.05	# 474 FF		C 1.00						
35 year	€D£	6.05	5.24	5.52	4.07	4.17	5.05	5,92	2.06	8.02	EDF	10/03	3.750	n/h	101.414	3.48	-0.08	+0.17	+0.21
										380 beet	TEPCO Quebec Hydro	02/03 03/08	4,750 5,375	AA A4	103.324 105.273	3.84	+0.00	+0.25 +0.25	+0.57 +0.81
Russ/Swigs Place on											Horek Hydro	10/98	7.260	Ä	102.300	3.51	40.01	+0.01	40.
of the 1 year rate wh										piers Lid	A SHOWALL	Des.							
											Bad Worlt	02/10	1.376	MA	108.052	4.49	+0.03	+0.25	+0.44
	ET A	11.0	-		1 1	FOR	. Z		227	1000	DKB.	09/07	5,750	AAA	111.291	4.16	40.08	+0.22	+0,40
SHO MED A	80 G	M.A.		<u>.</u>	er"		10 H				Credit Local	04/08	5.250 5.000	M÷	106.090	4,43	+0.03	+0.25	+0.55
Per Carri	C	4		-	÷1,	;;-÷				Spers:	Abbry Neil	01/03	8.000	• • • • • • • • • • • • • • • • • • •	101,960	424	+444	HUS	40.81
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25					سبيبا			ببيسك		441	Colt Telecom Impresa Metal	11/07 06/07	8.575 9.875	n/e E	106.000	7.91 9.42	+0.08	-0.80 +1.68	+4.18
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A T												-				Source:	hipmite	Data/FT is	dornática.





FOR THE SIX MONTHS ENDED 31 DECEMBER 1998

		to 31.12.98 (Unaudited)	to 31.12.97 (Unaudited)	to 30.06.98 (Audited)
ZAR million				
Income from platinum mining (before tax) Financial and other income Income from associates Attributable income	: "	625,7 123,7 78,0 450,9	316,1 10,6 15,1 190,8	812,9 50,0 33,9 500,4
Cents per share				
Attributable income		698	307	793
Dividends		170	60	350
Shares in issue (millions)		64,6	62,3	63,1
Statistics .				
Free market price index	(US\$/oz)	610	605	611
Exchange rate achieved	(R/US\$)	5,99	4,74	4,94
Sales volume	(000 oz)	485	490	1 030
Refined output	(000 oz)	526	519	1 052
Cost per platinum ounce refined	(R/oz)	· 2 488	2 428	2 369
Capital expenditure	(Rni)	141	135	248

Note: The comparative figures for the six months ended 31 December 1997 have been restated to reflect the change in accounting policy to International Accounting Standards.

A copy of the full interim report will be posted to shareholders in the near future.

MERINE DEVIDEND

An interim dividend of 170 cents per share in respect of the six months ended 31 December 1998 has been declared payable to members registered in the books of the company on 5 March 1999. The register of members will be closed from 8 to 19 March 1999, inclusive. The dividend is declared in the currency of the Republic of South Africa. Payments from the London transfer office will be made in United Kingdom currency at the rate of exchange ruling on 23 March 1999 or on the first day thereafter on which a rate of exchange is available.

Dividend warrants will be posted on 1 April 1999.

The full conditions of payment may be inspected at the offices of the transfer secretaries of the company.

On behalf of the board J M McMahoo

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S V Kearney

18 February 1999

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translate on the internet web site: http://www.implats.co.zo

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BENCHMARK BONDS By Florian Gimbel in London and John Labate in New York

Treasuries and European bonds lost ground yesterday, in spite of falling Japanese government bond yields. Markets in the US and in Europe started the day on a

positive note, buoyed by a the momentum was lost, largely for domestic economic reasons.

Treasuries were r but off their morning lows by midday after the release of producer price data. By early afternoon the benchmark 30-year bond was

off #1 to 98#, yielding 5.336 "The market ignored the comments ahead of yester- UK gilts fell in response to per cent. The 10-year note good news [the JGB rally] day's European Central higher than expected retail also fell, by 🛔 to 98, yielding today and focused on the 5.011 per cent.

The Producer Price Index for January rose 0.5 per cent, well above expectations. The rise in the main figure was the biggest since late 1996, but economists expressed little concern due to the fact that much of the rise came continuing rally in JGBs but from the volatile food and energy sectors.

The core PPI, excluding the energy and food sectors. was down 0.1 per cent, below

Most analysts said the PPI data had little bearing on

stronger than expected PPI figures," said David Brown.

Bear Stearns. Other analysts, however, pointed to internal determinants. "Investors are still overweight in Treasuries. with the underlying sentiment remaining quite Deutsche Morgan Grenfell. European bonds were inspired by the strong JGB

gains during the day. Analysts highlighted the ground". The 10-year Gereffect of German finance man bund future ended 0.21 minister Oskar Lafontaine's

Ford Motor Credit Corp British Sky Broadcasting

New international bond issues

market, but gave up earlier

Bank meeting.

chief European economist at a return to deficit spending, months. The 10-year gilt which heightens inflation closed 0.07 lower at 116.98. expectations at the long end of the found] yield curve," said one analyst.

. "The benchmark bund future briefly broke through the crucial 115.72 level but weak," said ifty Islam at the market got scared of its He thought the market interest rates on hold. was very jittery yesterday, heing "technically on fragile

99.974R Fab 2004 0.325R 99.48 Fab 2008 0.850R 99.70R Oct 2009 0.325R 100.00R Fab 2006 0.250R

100.00

sales figures, showing a rise "His comments suggest a of 1.1 per cent in January. desire for a weaker euro and the strongest in seven

"The 10-year future contracts bore the brunt of today's sell-off, with the front end remaining unmoved," said Andrew Roberts at Merrill Lynch. He thought recent releases of own shadow and backed UK data would prompt the down again," said Mr Brown. Bank of England to leave

> "The market now discounts another 75 basis points cut, which we now regard as overly optimistic,"

successful and trading vol-umes easily exceeded CME expectations. In January, average daily volumes topped 31,700 contracts and it has become the third most actively traded contract on the Merc, after eurodollars and the standard S&P 500. Merrill Lynch

Yesterday, the exchange said an E-mini Nasdaq contract had been devised partly in response to requests from member firms for a product to augment the E-mini S&P and investor interest in interpet related sincks.

The Chicago Mercantile

Exchange, one of the two big

US futures markets, plans to

and smaller institutions.

the rival Chicago Board of

Trade's launch of contracts

based on the Dow Jones

The "E-mini" proved very

Industrial Average.

The Nasdaq 100 includes many of the stocks in the popular hi-tech and internet area. E-mini Nasdaq 100 contracts will provide a very efficient method to manage the risk of the stocks in the index or to participate in one of the hottest market sectors." claimed Rick Kilcollin. the Merc's outgoing chief

EXECUTIVE. Officials added that they believe the E-mini Nasdaq 100 will also lead to increased trading in the main Nasdaq 100 stock futures contract, which was

Japan moves to calm JGB E-mini Nasdaq contract market fears By Nikici Tait in Chicago

and fillian Tett in Tokyo

trade a scaled-down version A Japanese finance ministry of the Nasdaq 100 stock official yesterday said govindex futures contract, tarerament bonds would be geted at private investors issued in line with market needs in the new fiscal year. The move comes about 18 The comments were months after the CME designed to calm market launched a scaled-down version of its flagship S&P 500 index contract. The "E-mini" nerves after an about-turn earlier this week by the MoF's Trust Fund Bureau, S&P 500 contract was the state institution that devised partly in response to

> The TFB said it would esume purchases of JGRs in the secondary market while the MoF said it would cut the supply of Y1,800bn of 10year JGBs by Y400bn in March. Analysis were unsure whether the reversals were a one-off, or would continue into the new fiscal

system's funds.

The MoF now plans to issue a higher proportion of short-dated bonds, as well as Y400bn of 30-year bonds, which it would launch for the first time. It will issue Y5,200bn of two-year JGBs. Y5,000bn of four-year JGBs and Y5,000bn of six-year JGBs in fiscal 1999, and Y20,000bn of 10-year JGBs.

However, yesterday's comments may still not calm concern over the increase in the supply of 10-year JGBs in Hecal 1999.

The TFB said in December it would stop buying JGBs in 1999-2000, causing bond yields to rise to record levels and forcing the MoF to reverse the announcement. Eisuke Sakakibara, an MoF official, defended the about-turn. "The decision by

the TFB to buy bonds might

look like a reversal of policy,

but it was intended to calm

INTERNATIONAL BONDS

the panic that had taken place in the market in January, when many Japanese banks rushed to cut losses by selling JGRs," he said. There are currently no firm plans for the TFB to

continue its buying operations in fiscal 1999, guyernment officials say. indeed, the TFB is only scheduled to purchase Y2.800bn bonds next year, a fraction of the Y12,046bn (30 per cent of gross new issu-

manages the postal savings ance) it purchased this year. Furthermore, its purchases next year will be of Tressury bills as opposed to 10-year JGBs, which constituted the bulk of its purchases this year.

Kiichi Miyazawa, finance minister, has denied the TFB will start selling its JGBs. We have absolutely no intention of doing so," he said in December, "They're quite good assets and it's better to hold on to them." Government officials have

also said there are no plans to change the JGB issuance schedule or alter the maturity ranges. But they have indicated that theoretically, this could be reconsidered if market needs change.

Concern about oversupply is not confined to the JGB market. The government plans to issue Y2,500bn of government-guaranteed bonds next year but this figure does not include issues in the coming weeks.

The Deposit Insurance Corporation, the government body that funds bank reform, is expected to raise almost all its funds to sup port Y7,000bn to Y8,000bn of capital injections from the markets, by issuing govern-

Lebanon makes debut in euros

NEW ISSUES

Lebanon became the first Middle Eastern country to tranche and to reduce the borrow in euros yesterday. In an attempt to diversify its investor base and attract European investors, Lebanon, rated BB- by Standard & Poor's, offered five-year diaspora in Europe. "Last bonds comprising €300m and \$200m tranches.

The euro tranchs was priced at 393 basis points over OATs; the dollar tranche at 355 basis points over US Treasuries.

Dan Vallimarescu at lead manager Merrill Lynch said the original intention was to issue €100m in the new currency and \$250m in dollars.

"Issuing Lebanese bonds in euros was an experiment," said Mr Vailimarescu. "The question was whether investors in the Middle East were prepared to buy sures and whether European investors were

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

However, strong demand for the euro tranche led the bank to increase that dollar offering. Lebanese debt that cannot be sold in the US is normally targeted at investors in the Middle East and to the Lebanese year, European institutions snubbed Lebanese bonds,"

Mr Vallimarescu said. Lebanon, the most frequent Middle Eastern visitor to the international bond markets, was able to tap the markets during the worst phase of the financial crisis last September.

Abbey National, the UK retail bank, issued the UK's largest mortgage-backed bond, half of which was denominated in euros. The issue, which consist of three tranches, takes £1bn of mortgages off Abbey's balance sheet and repackages them into floating-rate bonds.

Jul 2009 0.225R Dec 2025 0.150 Jul 2004 0.275R Mar 2004 0.75R Mar 2009 0.30R Austria Holmes Funding Class A2 Abbey National Treasury Laborator Republic Class B Commerzback 99.747R 99.71R STERLING M AUSTRALIAN DOLLARS

2210m of 11-month bonds priced at 10 basis points over Libor, €700m of four-year bonds at 20 basis points over Euribor and £210m of sevenyear bonds at 20 basis points Nick Morgan, head of

structured debt syndicate at lead manager J.P. Morgan said the underlying portfolio of assets was too large to be

BOND FUTURES AND OPTIONS

-0.15

The tranches include absorbed by sterling invesing in the new currency. tors. He said the spreads on sterling tranches tightened slightly after the launch, while the euro tranche was trading at par. Westpac, an Australian bank, last year issued a similar bond last year which is also trading at 20 basis point over Libor.

Issuance in euros was also

boosted yesterday by the

first Swedish corporate offer-

Low

LOW

Vattenfall, the state-owned power company issued \$250m of 12-year bonds. This is one of the langest euro-denominated bonds and was priced at 67 basis points over 10-year German bunds. Elsewhere, British Sky Broadcasting issued \$600m

of 10-year global bonds,

which were heavily sub-

scribed by US investors.

US	CORPOR	ATE	BO
		Red	

Red	_	SAP	Bid	Ber	Dey's. stope		Special V
	COMPA	C.	paren.	7	. 700	7 77,0	-1
				:		::	<u>.</u>
07/02	725	M -	105.4461	5.45			+5.4
							+1,8
$\mathbb{P}_{i}(\mathbb{P}_{i})$	8.00	100					+1.0
4	A .		1 to 1				ķ .≟`
05/07	8.73	AAA	119,1003	5.80	-0.06	+0.28	+0.8
06/02	7.25	Ä	104,8886	5.46	-0.05	+0.14	+5.0
DIVIE	6.95	A	20,7823	7.01	-0.05	-0.07	+1.70
	.*		357		3 T		
0490	125	585+	100,0244	5.67	-	+0.11	+1.4
05/02	8.75	AA	104,8146	5.11	-0.05	+0.16	+5,11
85/21	9.70	A-	125 5307	2.35	-0.01	+0.02	+1.2
				. "	** *		
04/07	7.14	MA	118,1893	5.86	-0.06	+0.23	+0.59
03/00	7.50	M/A	102,3631	5.16	-0.07	+0.08	+0.7
02/18	8.95	M/A	134.B052	5.86	-0.04	+0.24	+0.5
10/05	8.95	展	120.3671	5.51	-0.05	+0.25	+0.5
			- : - :				
02/01	9.88	В.	101.8760	0.00	_	-	
	0.10	28-	105,0000	0.00	-	-	
1201	9.13						
	07702. 06725 05708 05708 06707 06702 04790 05702 05702 05702 05703 05700	07702 7.26 08/23 7.00 08/23 7.00 08/02 7.05 08/02 7.25 08/02 7.25 08/02 7.25 08/02 8.75 08/02 8.75 08/02 7.14 08/02 7.14 08/02 7.14 08/02 7.14 08/02 7.14	07/02 7.25 AA- 08/07 7.00 A- 08/07 7.00 A- 08/07 2.73 AAA 08/02 7.25 A 01/18 8.96 A- 04/90 8.25 888- 05/02 9.70 A- 04/97 7.14 8AA 02/18 8.95 MA 02/18 8.95 MA	Compan Pauling price	Comp. Comp	Comp. Comp	Comparison Com

		l'annin's	211		THERE
Prisse cain	74. 41.	One specific	4.53 4.51 4.70	Two year Three year The year 10-year 30-year	<u> </u>

P6 18	(led (ide	Сокроп	S & P Relieg	, Wide Price	200 1985	chego yid	ziogo yki	Boris
30	1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	•		Section 2				
38	84/07	7,250	AAA	110.1451	5,86	+0.02	+0.29	-01
ABN ADIO	06/07	7.125	A4-		5.29	+0.02	-0.02	+1.3
Charbac	01/07	7,000	Arr.	105.9122	9.06	+0.03	+0.20	+1.0
GHICOTO FRM	- 02/04	5.312		98.2381	1.72	+0.01	-0.77	. +0,1
		"ILL	14/	建度"决定	<u>م بات</u> اب	-14	. 5 3	
Brown L-Bk	08/04	9,500	ANA	117.8884	5.60	-8.01	+0.21	+0.5
Toronto thi ofi	05/04	8,800	M	113,1849	3.55	+0.01	+0.08	+0,1
Bell Cabada	07/98	10,635	Ã+	101.0367	5.45	-0.03	+0.20	+1.2
Charles Dr. S PAR	09/02	5475	· Ma	100.7442	5.64	-0.02	+0.15	+0.5
WS		4.1		· · · ·			_	٠.
ĖB.	12/07	7.65	- 444	117.9021	5.10	+9.01	-0.04	+0.4
Orescher Elk	18/07	7,750	44-		4.02	+0.01	+0.20	+1.5
British Gos	03/00	7.625	84	102.1250	5.57	-0.03	-0.04	+0.5
ANN NA FIN	02/02	7.136	AA	100,4001	4.28	-0 03	40.01	-0.4
N 2578	:							
BB.	01/08	1750	484	103.4502	3.30	-0.02	-0.03	+0.5
Brit Columbia	02/02	3.750	- TA	103.8384	1.92	-5.00	+0.02	+0.5
Hydro-Cuebec	05/01	6.750	nča	109.0225	2.65		-0.04	+1.0
Gen Bact.	1040	1.711	1/2	99.8443	1.51	+0.01	40.04	+0.0
	-	*****				40,91	4600	1.000
100			·					
BRD (World Sk)	03/02	5.250		114,3166	0.54	-0.07	-0.17	-0.1
Stain (Kingdoo)	0.5/05	5.750	. **	115.4636	9.66	-0.08	-0.12	+0.0
Cred Fortcler	06/02	4,780		112,3227	1.10	0.09	-6.24	+8.4
gaily (galb cg)	97/89	0.518	AA.	100.0737	0.18	-0.01	-0.21	+0.0
M.FE.								
MED (Mortd EIG	12408	8,000	AAA	109,0606	5.70	-0.64	+0.12	+0.4
Nw Sth Wates Tr	05/06	6,500	n/a	104,5883	5.71	-1.04	+0.06	+0.5
S. Aus. Gov Fits	06/03	7.750	AA	107.5137	5.74	-0.02	+0.05	+0.7

UK BONDS						
FTSE Actuaries	Government S	ecurities .				. UK Indice
Price Indious IK Citts	Tha Day's Actrue Feb 18 ctage % interes		Deradion 1 Yearn Yield We		The Day's Accrued Feb 18 chge % Interest	aci acij Totol % ykd Heturn Weight
1 Up to 5 years (16) 2 5-10 years (11) 3 10-15 years (7)	121.52 +0.07 1.95 171.11 +0.01 2.70 185.83 +0.10 1.90	0.68 1231.07	2.34 4.79 34. 5.82 4.80 29. 8.88 4.50 13.	31 2 Deer 5 years (5)	225.42 -0.02 1.83 257.57 +0.09 0.77 248.61 +0.02 0.57	0.00 1170.60 15.05 2.15 1399.14 84.95 2.02 1302.55 42.73
4 5-15 years (18) 5 Over 13 years (4) 6 Irredsonables (4)	175.39 +0.04 2.48 271.03 +0.19 2.02 281.34 +0.39 E.11	0.87 1366.82	6.78 4.57 42. 11.75 4.50 22.	82 4 Over 15 years (4) 32 5 All stocks (11)	273.20 +0.15 0.99 261.60 +0.07 0.95	2.29 1486.17 42.23 1.70 1366.94 100.00
7 All stocks (42)	166.29 +0,09 1.25	1.17 1354.26	E.M. 4,96 100			— Initiation SN I Dur yes Feb 17 Yr ago
5 yrs 4.65 10 yrs 4.56	4,86 6.21 Irre 4,57 5.99 Irre	d † 4.03 d. 15 yrs . 4.54	4,65 6,07 1,86 5,96	Up to 5 yes 3.09 3.20 Over 5 yes 2.08 13.22	3.02 8.47 8.17 2.08 3.18 1.86 2.14 3.23 1.84	3.32 2.16 2.63 13.34 1.87 2.93 9.86 1.84 2.88
20 yrs 4.51	4.53 5.94 Hg Mk; Hgb: 17% and over. † 1	h 15 yea	4.86 6.07 L	Over 15 yrs 2.04 16.84	2.05 3.13 1.80 2.12 3.17 1.60	16.94 1.86 2.95 11.79 1.60 2.92
FT Fixed interest indices		b 15 Feb 17 Yran	Hight Lour	. Feb 18 Feb 17	Feb 16 Feb 15 Feb 12	Yr ago Hight Loyd
Govt. Secs. (SIQ) 114.5	59 114,62 114,67 114 49 date number " for 1890	4.19 114.61 103.89 59. Greennet Secribe	117.17 93.31 Nigh since commissions		157.45 158.84 157.56	139.81 158.45 115.3
UK GILTS PR	ICES					
Yieki		52 week	Vinit	., 52 week _	Yield	52 api

Govt, Secs. (SIC) O FTSE international La	6 1999. All p	دسب بازل	ed. " for	1009/50.	General	67 103,89 117.17 Next Securities high since o			Plane in 127 40 (1/8	darest 25), ker	48.18 (t	157,78 /3/79, F	157.44 157.45 That Mark 1800	56.94 compa	157 doc. 1	.56 139, 98.45 (22/0	51 150 1/80%, los	8.45 T	15.32 37/76)
UK GILTS			F040 File	1926	. SE 920	Ny indices related 1974.								_	_				
OK GILIS	rme	50												-					
	Yieki				week	_	_ Ye					work _			lett				walk
	e int Red	Pilot	.+0-	HÇ		ligies	<u>H</u>	Red	Price 2	+6-	High	ببفا		96 U	<u> 2</u>	Price 8	+4-	High	100
Starts" (Lives up to Fir						Carry 91264 2005	757	457	125,5036	+.0556	125.16	117,84	(spines-Limbou)	N					
Trans 9 ¹ 2pt 1999				102.19	108.00	Exch 10320c 2005	7.90	4,63	120 9996	+.0550	135,48	124,50							
Treat Filing Rady 1999,						Tomas 12 ¹ 29% 2008–5	9.39	4.32	133,1208	+.0900	135.55	127.40	2 ³ 30: 101(78.						
Exch 12 ⁴ 4pc 1989 Trans 10 ³ 20c 1989						Trans 67 ₂ pc 2005							21 ₂₀₀ T3(78						
Taxas 6ot 1999					98.84	Coor 94gas 2006							43ac 104(135						
Care 10 Writ 1989						Trace 73µpc 2006	8.49	4.65	119,4195	0403	122.40	109.96	\$rs 108109						
						Teams Spc 2002-6							2 ¹ 2pc '05(76						
						Tirans 71-20c 2006							2 ¹ 286 71						
						Treate 11 laps: 2003-7 _ 🕸	9.41	4.23	124.8652	+.0526	126.29	119.81	212pc '13						
						Press 97 ₂ 00 2007	6.72	4.66	126,3000	0458	129.86	11617	2 ¹ 200 16						
						7mes 74qpc 2007	8,09	4.50	110,9739	0882	1225	108.19	21-ths: ,50 (83)						
Trans 81 ₂ pc 2000§	8.23 4.94	103,2538	+.0037	103.54	101.81	Treat 13F2pt 2004-8,-4	255	4.57	139,9270	+5719	142.61	1334	21-pc 2487.) I.S	1.91	143,5667	+.3557	185.97	144.2
Carry Spc 2000	. 6.65 4.90	104.0728	+.0037	104.50	102,65	Treas Spc 2005	5.65	4,50	134,8174	+.0272	138.52	122.15	41apc 30(135.	1) I #	1.55	182,6302	+3802	254.75	14.14
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Trees 10pc 2001	. 9.12 4.88					Contr Spc Lo 2011	445	14	141 8285	+ 1421	- 145-91	195.73	All process to consider		20 CT P	بعر مي سد احد الدامات		1 25 GM	Mar
Cher Shor 2001	877 4 m	131 2070	+.0244	1119.00	162.68	Trees Spc 2012													
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							9.35	4.01	13112311	+10434	145.20	114.43							
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Court 9 ¹ cp: 2003,						5cb 12pc 2013-47_#							164			Polen 0	+#-		
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Fire to Filtery Years Trees 6 laps 2003	470 470				***	Conscis Apr			13,6159	+.3531	67.19	62.22	Dropped 3/2pc bred	. 5.07	-		-16	7012	51
Trees 11 June 2001	10.90 4.04	1127/27	- 17317	147.00	710 80		4.関		76.0501	+300	79.53	5.5	LCC 3pt 70 At	., 531	-	뙈	4412	59	45
Treas 10cc 20cu#	803 467	174,6066	+,0000	176.55	117.36	Cow 3½pc '61 At	3.98	-	86.0501	+3043	\$5.DB	73.88	Number 11 apr 200	7 Q.M	14	143	-81	1514	13312

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> Sett price 109.38 **We want your business.**

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MARKETS REPORT

protect option knockouts.

steady, ignoring the unex-

pectedly strong retail sales

Some analysts do not

POUND SPOT FORWARD AGAINST THE POUND

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data released yesterday.

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Garage Selgtur Common Petand Ferand Summon Suscentrated Salar Lucembo Notherlan

By Melanie Carroll

o calm JGB narket fears

ARTHUR THE STATE OF THE ARTHUR STATES

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ening yen yesterday. Yasuhisa Shiozaki, a don session before easing between Y120 and Y130.

Cameron Crise, currency The dollar hit Y120, having strategist at Warburg Dillon stalled for most of the sec- Read in London, said the ond half of the London sea- entrance of the Bank of sion just under the magic Japan and the finance minislevel after traders reported try into the repo market yesdollar offers below Y120 to terday was also significant. "It didn't get much public-It closed in London at ity at the time but they Y119.8, with dealers expect- injected Y900bn via the repo ing a continued rise today. market, affirming the prom-

> He said it was hard to tell what the Japanese would do

expect any further interest rate cuts in the short term from the Bank of England, saying the Bank is more 1.8350 1.8342 likely to react to the hig picture than to individual

20,0486 28,7740 10,623 8,8639 9,5572 2,8503 466,136 11,138 3827,11 32,7740 3,2767 12,7656 292,066 242,066

58.5736 10.7827 8.6530 9.5346 2.8364 465.768 1.1436 2811.48 9.5529 281.108 12.8282 281.108 241.708

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\$4,6073 10,6082 \$,8362 \$53 \$2,915 \$49,735 \$1,142 \$11,00 \$2,9073 \$2,907 \$2,704 \$21,722 \$1,722 \$2,548 \$2,548

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Dollar punches through recent highs W Japanese officials contin- if the yen continued its fall ued to talk down the weak- too much longer, despite official tolerance.

"Stability is what they All eyes were on the dollar's - senior Liberal - Democrat really want, and in the curcontinued rise against the Party official, stated the US, rency market that's not yen yesterday, reaching a 10- and Japan would not flinch. likely to happen because week high late in the Lon- at the currency falling to there are such strong forces in other ways," he added.

The euro received some respite yesterday after its. recent pounding, although trade in the currency was overshadowed by talk of an expected political tussle at the European Central Bank's governing council meeting.

The euro hit an new high against the yen, reaching Meanwhile the pound held ise that the BoJ made on Fri-Y134.5 at the close of trading in London. It also rose lightly against the dollar. The ECB's policy-making council spent the day dis-

cussing monetary policy. with the expected no-change decision on interest rates arriving after London closed. However, the market was the meeting of Oskar Lafon-

57,4886 38,6461 8,4726 9,3474 2,7871 465,238

465.296 1.1223 2759.16 57.4836 3.1462 12.8239 284.865 287.068 112.463 112.463

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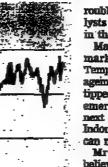
troubled by the presence at There may be more trou-



Mr Lafontaine has

expressed fears in the past that the euro is overvalued, and said that the real interest rate is quite high given the current low inflation

ble ahead for the Russian



lysts are expecting stability psychological barrier of in the short term Mark Mobins, emerging The official exchange rate markets head analyst at

Templeton Investment Management, said yesterday be tipped Russia as the leading emerging market over the think people had forgotten next year, followed by the Indonésian and South Afrithe large amounts of money can markets.

Mr Mobius said he believed the Russian government would set policy into place over the year to bring about economic stability and investor confidence.

However analysts warn a dramatic slide could be in

12,2074 35,0630 8,6256 5,3000 1,7436 307,020 1,4036 7,2132 178,730 140,330 7,2132 1,4256 1,4256 1,4256 1,4256 1,4256

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was set at Rhs22.92 per dollar for today, slightly lower than yesterday's Rbs22.87. Cameron Crise at Warburg Dillon Read said he did not

lost in Russia last year. Mr Crise said he thought the outlook for Poland and Hungary was much better, particularly as both countries had weathered the turmoil thrown up by Russia

and Brazil. "For most mainstream investors, Russia's off the gary, the domestic situations are nice, they've got strong

growth," Mr Crise said. "Although their current account deficits are uncom fortable, they're funded through foreign direct investment which is better then short term investment

12.002 \$5.1853 \$5.175 \$1.00 \$7.02 1.706 \$37.02 1.902 1.902 7.853 1.922 7.862 1.922 7.862 1.922 1

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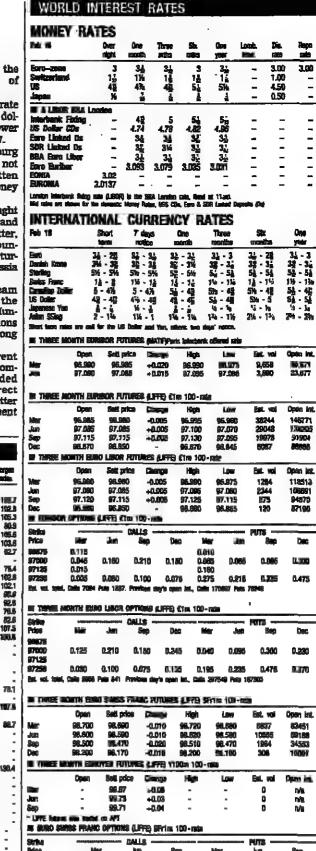
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Please tontact Melanic Wiles on

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1,5974 7,7475 42,4270 8042,00 4,0586 118,375 3,5000 1,8498 30,5500 3,7507 1,8696 6,1500 1186,00 +137.50 800 - 500 40.017 122 - 75 40.017 122 - 75 40.020 700 - 100 3,7522 1,7017 6,2004 1184,00 32,4008 lector Vice Presi ctor Operations annent Minister 1 .ticer Chief Ecop aent Consultant A ais Director Prest FINANCIAL TIMES dug Director Chai .ging Director Fin Conferences aess Development rter Government **European Pensions** r Chief Econor tant Analyst F ent Director (The FT European Pensions Conference e Officer Chi 18 & 19 March 1999 - Sheraton Brussels Hotel & Towers Consultant This conference is the first in a series of major pensions events to be staged by miestalent D the FT Group and will examine the changing landscape of European Pensions. ecutive Office DISTINGUISHED SPEAKERS INCLUDE nt Constituat Anag a masmess to. Professor Mario Monti ent Investment Director Government Maman Chief Executive Officer Chief Economic Mr Kees van Rees tor Vice President Consultant Applyst Busines. Managing Director
Shell Pensions Fund rations Director President Investment Director C. keting Director Chairman Chief Executive Officer Mr Martin Jack aging Director Fig. r Nice Provident Co. ness Development Minn Dressor fre Mr Bruce Garner Head of Pensions BP Amoco p.l.c. ctor Government ting Wirteson Chair er Chief Expansis year Shance Mr. Ms Ruth Goldman Head of Pensions Linklaters & Alliance altant Analys! Business Devel rat Director Opera Mr Hans Jacobsen ent Invesiment Director Gave ione Minister Mari run Chief Executive Officer ' A Postiomes Munos r Vice Prosident Complian - Jalysi Business Devel Mr Ray Martin Head of Group Retirement Benefit linus Director President 🐪 Istanent Director Cove ting Director Chairs Libit Executive Officer (Mr Adam Lessing Executive Director
Suchs Asset Management sing Director Finance, Director Vice President C Mr Ales Welland nment Director Operations Director Presiden at Minister Marketing Director Chairt. Fidelity Group Pensions UK Mr Steve Mingle "Managing Director Finance " month Billebrer . Mr Geoffrey Farlonger () INVESCO

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Fund to

invest in

African

A group of international investors has launched a

fund to invest in Africa's

The fund, to be called Afri-

can Lion, will be capitalised

at \$30m and will invest in a

range of mineral projects

including coal extraction but

not all and ras. Projects will

predominantly he at an

advanced exploration stage.

The Commonwealth Devel-

opment Corporation, the UK

group that invests in omera-

ing economies, is the single

largest investor, having com-

Other shareholders include Lion Selection

group, an Australian listed

company that is putting up

Som through its Australian

Selection subsidiary; Com-

afin, a CDC investment fund

for Africa; and South Afri-

mitted \$8m to the project.

mining

By Joel Chem

mining sector.

Warning on volatility of palladium

MARKETS REPORT By Cillian O'Cornor, Robert Corzine and Paul Solman

Palladium's volatile supply and consequent price rises could endanger the precious metal's future, analysts Roskill warned yesterday.

As prices of platinum and palladium converge, one of the main reasons for using palladium disappears and, although it is technically superior to platinum when used in motor vehicle catalysts, platinum could win

Yesterday, palladium was alightly cheaper than its sister metal at \$347 an ounce against \$369 but at the start of the decade it cost only a quarter as much. Russia smoplies roughly two-thirds of the world's palladium and Roskill said it "seems incapable of meeting demand". Ross Norman of Precious Metals Research said some uses required twice as much palladium as platinum. Adapting plant was expen-

switched, they were unlikely to switch back. Three-month zinc, nickel and tin all closed firmer on the London Metal Exchange yesterday but copper fell through the key \$1,400 a tonne level to a new 11-year

sive, so if manufacturers

Crude off prices were generally flat as the markets mulled over yet more contradictory inventory data from the US, the world's biggest petroleum market.

Brent Blend for April delivery was up 3 cents in late trading on London's International Petroleum Exchange to \$10.16 a barrel. Prices had received a boost earlier when the Department of Energy in Washington published data showing a 1.7m barrel decline in US crude stocks over the week. That contradicted American Petroleum Institute data showing a 2.6m barrel rise.

The level of oil inventories in the US has become a key bellwether for crude prices. given the extent of the global surplus, but some analysts say the erosion of the US surplus of refined products is a prerequisite to any revival in crude prices. Robusta coffee futures fell on the London International Financial Futures and Options Exchange, the May contract closing at \$1,680 a

tonne, down \$20. Colombia said up 150,000 bags of exports would be delayed as a result of last month's earthquake. The disaster did not destroy the crop but has damaged mills and processing plants. Colombia is the world's second Antibiotics under fire in farming

Drugs that promote growth are causing widespread concern, says Edward Alden

ntibiotics have often been described as wonder drugs, and nowhere does that description fit better than in livestock farmthe daily feed of cattle, pigs, poultry and sheep not only prevents disease but allows the animals to grow as much as 5 per cent faster, which means higher profits for the farmers that use them.

However, the practice, which is widespread in North America and most of Europe, is coming under scrutiny because of concern about antibiotic resistant Hospitals are seeing more

outhrealts of infections resistant to even the most powerful antibiotics. The first reported case of an infection resistant to vancomycin, the antibiotic of last resort, occurred in a New York hospital in 1989. Over the next four years, the incidence of such infections grew 20-fold. While blame has been put on indiscriminate use of antibiotics in humans which encourages the mutation of bacteria resistant to drugs - scientists believe

heavy use in agriculture is partly responsible. The European Commission announced late last year it

ics widely used to promote livestock growth. The ban, which is estimated to cost chemical companies as much ing. For reasons still not as 2500m a year in lost sales, widely understood, adding has drawn vigorous protests low levels of antibiotics to from both farmers and phar-The US Food and Drug

Administration published draft guidelines in November indicating it was prepared to curb the agricultural use of antibiotics important in human medicine. New drugs will be restricted if they are shown to encourage the growth of

Canada is setting up a scientific task force to increase surveillance of both live stock and fish farming to determine if specific resistant strains developing in animals are migrating to humans.

George Khachatourians, a microbiologist at the University of Saskatchewan's agricultural college, says resistant strains from animals may be responsible for human diseases that cannot be treated by antibiotics. "Antibiotics are sacred drugs and we have to be extremely conservative with the use of the ones we have," he says.

not a word that describes what farmers are doing. In a



recent issue of the Canadian fedical Association Journal, Dr Khachatourians wrote for antibiotics had increa-10 to 20 times nines the 1960s and 90 per cent of usage was

ncientists suspect at least four strains of disease-Ocausing bacteria including salmonella and e.coli - have been transferred from animals to humans but agricultural and pharmaceutical industry

for growth promotion rathe

than treating infection.

While bacteria can be transferred from food to people, there are no conclusive data showing that animal to human transfer of resistant organisms causes filness in people to any significant degree," says the US Animal Health Institute, which represents manufacturers of veterinary drugs.

federation of animal health industries, which represents pharmaceutical companies,

says the European Union has jumped the gun by restricting the use of growthpromoting antibiotics before the scientific evidence has been gathered.

Rebecca Irwin, food codirector for Health Caracta agrees the science is still murky. Trying to nail down a specific linkage between a particular practice on a farm and a negative human health outcome is very difficolt." she savs. National regulatory agencies are in the awkward position of "trying to come up with policies ahead of the science that tells you what will work and

what won't work". The competitive implications of moving too fast to ban growth drugs are significant. "It immediately puts your farming community at a severe economic disadvan-

tage," Ms irwin says. Supporters of the ban say countries such as Sweden and Denmark that have restricted the use of antibiotics as growth-promoters Health Organisation experts in 1997 concluded that healthier animal husbandry practices could reduce the need for autibiotics without

lowering productivity.
Other studies in Sweden where growth-promoting antibiotics have been banned since 1986, have concluded that the ban has lowered productivity, increased costs and resulted in heavier use of antibiotics for treating diseases. With Sweden's entry to the RU, the competidisadvantages are likely to

Both sides agree there are risks either way. To ban certain antibiotics prematurely would harm farmers who rely on them. But to wait for all the evidence risks that serious, untreatable discusses will migrate to humans.

Dr Khachatourians argues that risk is simply too large to take. "If there were such a massive infection." he says "what the hell would we do

can banking groups invested and Rand Merchant Bank. The fund will be managed by lan McAlesse and Terry become more apparent. Ward, who have many years' experience in international John Hodder, CDC director of minerals, oil and gas said: CDC's investment in a fund specifically targeted at min-

eral projects in Africa has come at an opportune time, when many companies are struggling to finance ongo ing activities in the sector. He said the fund aimed to invest throughout sub-

Sahara Africa, and 70 potential projects had already been identified, with Chann, South Africa, Tanzania and Zambia offering potentially good projects. Mail and Burkins Faso will also be con-

James Lehy, analyst at broker T. Hoare & Co. said the timing of the fund's right thing at this time. The reserves are very cheap clous metals and certain

Big fall expected this year in world pepper prices

World pepper prices could halve this year as India and Vietnam are expecting large crops and the International Pepper Community has forecast that the 1999 crop will be up almost 8 per cent to 200,000 tonnes.

India, the largest black pepper producer and exporter, is expected to harvest 75,000 to 85,000 tonnes the 1998-99 season (November to October) against 60,000 tonnes last year. Its pepper exports should rise at least 15,000

ENERGY

M CHURE OIL HYNEX (1,000 barrels. S/barrel)

93.00 -1.50 94.25 93.00 10.227 37.019 93.50 -1.50 94.50 93.25 5.263 20.182 94.75 -1.75 96.00 94.75 1,930 20.182 97.25 -1.25 98.25 97.25 199 10.874 95.50 -1.25 100.25 98.50 287 4,754

1.780 +0.004 1.815 1.761 22.752 49.527 1.795 -0.005 1.830 1.787 9.430 38.572 1.830 -0.003 1.850 1.820 1.017 17.044 1.855 -0.005 1.880 1.855 895 16.532 1.890 +0.004 1.805 1.890 698 15.416 1.910 -0.004 1.925 1.800 676 11.748

33.10 +40.03 33.70 32.95 16,318 30,108 35.10 - 35.90 36.00 6,900 25,359 37.45 +0.05 37.90 37.40 2,743 17,576 38.50 +0.10 38.60 38.35 1,577 14,228 39.35 +0.30 39.40 39.20 333 14,997 39.65 +0.20 39.65 39.55 328 3,171

Vietnam is expecting a according to Sanjay Maricrop of 20,000 tonnes, against about 15,000 tonnes last year. and is expected to lift exports to 19,000 tonnes from 14,000 tonnes.

The extent of the fall in how quickly farmers want to

wala, chairman of the Indian Pepper and Spices Trading

SOFTS

A price correction is inevitable, in spite of the improved holding power of Indian farmers," the official said. "Pepper prices were up the last two years because of

at the current levels." At the pepper exchange in

Kochi, the spot price is down to Rs28,150 (\$427) a quintal (100 kilograms) from Rs20,000 in early January.

beginning of the year.

Prices are still not in alignment with the buyers' expectations," a trade official said. "Buyers from the US and Europe, the two largest markets for pepper, are

COMMODITIES PRICES BASE METALS Precious Metals continued III. BOLD COMEX (100 Troy oz.: \$4toy oz.) LONDON METAL EXCHANGE ALIMINUM, 68.7 PORTLY & per lenne 10,152 M ALUMENS ALLOY & per kinds Cigee Previous High/low AM Oticini 1010-15 III LEAD OF SEA SERVICE 827-8 529.5-30.0 329-9

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1379.5-80.0 LIME Closing E/S rate: 1,6383

III COPPER, produ A S per treat

PRECIOUS METALS

AL LONDON BULLION MARKET

285,650 284,90-285,40

tonnes to 50,000 tonnes. dispose of their crops.

12,325 49,406 4,217 18,614 228 11,706 133 4,138 870 8,794

GRAINS AND OIL SEEDS

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18.46 -0.59 20.06 TWM 15.111 30.00 19.55 -0.61 20.30 19.47 9.926 36.120 19.92 -0.61 20.35 19.75 2.761 23.379 20.10 -0.60 20.85 19.52 414 5.800 20.15 -0.67 20.75 10.10 600 5.975 20.25 -0.00 20.85 20.20 275 3.216

128.7 +1.3 130.3 128.0 12.373 34.271 129.5 +0.8 130.3 128.5 8.447 33.383 132.2 +1.0 133.6 131.3 1275 34.631 133.6 +0.8 134.5 133.6 394 9.763 134.5 +0.8 136.5 134.6 76 8.300 136.3 +0.8 136.5 135.5 65 3.401 22.440 128.763

BE POLIPEX CHILX (USS; 24 air dry litual

Wool from Maleit & Co Though there was no overall change in Australia's eastern market indicator, it drifted down a fraction before recovering at

chifted down a traction before recovering at the end of the week. Sydney was the only major centre operating. Prises of inferior types have been irregular and weaker, while better styles have met with firm demand. The same applies in New Zesland, though this week the decire applied as of crosshed flees wool and lambe offered at a North Island sale, with the market indicator 12 cents lower at 377 cents. The wool attraction everywhere shows insufficient demand to reach such was

17 64 81

NEW LIFE (IN) SOURCE E HE SHOULD

The world crop in 1999 would be big enough to bring down pepper prices by pepper prices will depend on as much as 40 to 50 per cent

tract is Rsi7,010 a quintal III COCOL UPPE COL IN 1888 CATTLE CHE MG HARber contains

Meat and Livestock

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Copper Load (US prod.) traded on COMEX, WYNEX, CRY, WYDE, CANE, CADE and PFE Crusic Off are one day in arrelas, Yourse & Open William and are the state of the Castle (five weight) Sheep (five weight) Page (five weight))

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LONDON TRADED OPTIONS

Balt (see tray on).

546.25c \$270.00 \$351.00 71.0c . 45.00: 248.5 93.20p 86.21g 54.52p \$166.50

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equities (3) 19 market sectors? (5)

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No.9,918 Set by BATS

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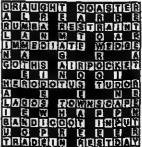
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DOWN Fire merely blown once (7) 2 A French flower must be experienced (9) Religion thus accepts some

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American gurnard (3.5) crossed (7) 21 Makes nails and locks a tin-

ker out (7) for German song (has a 22 Grand residence for one occupying position (6) Volume and manoeuvrabil ity needed for powerful engine sound (5) 26 Red, so proceed steadily (4)



FT MANAGED FUNDS SERVICE

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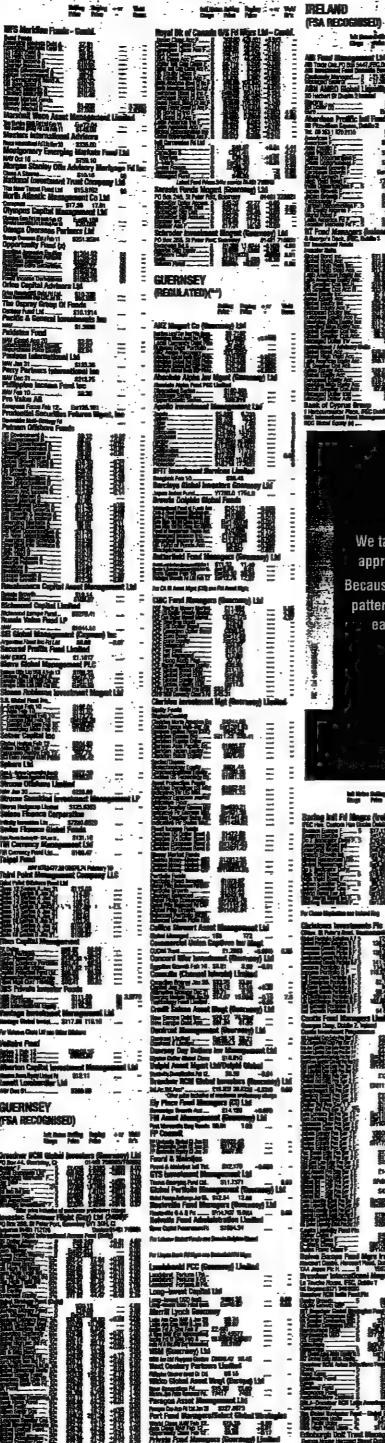
Fund to invest in African mining

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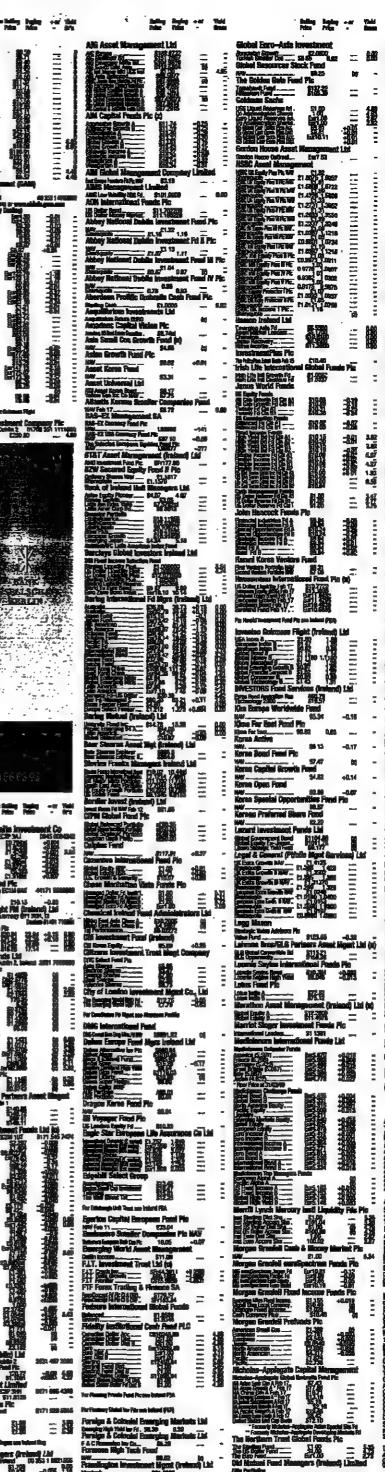
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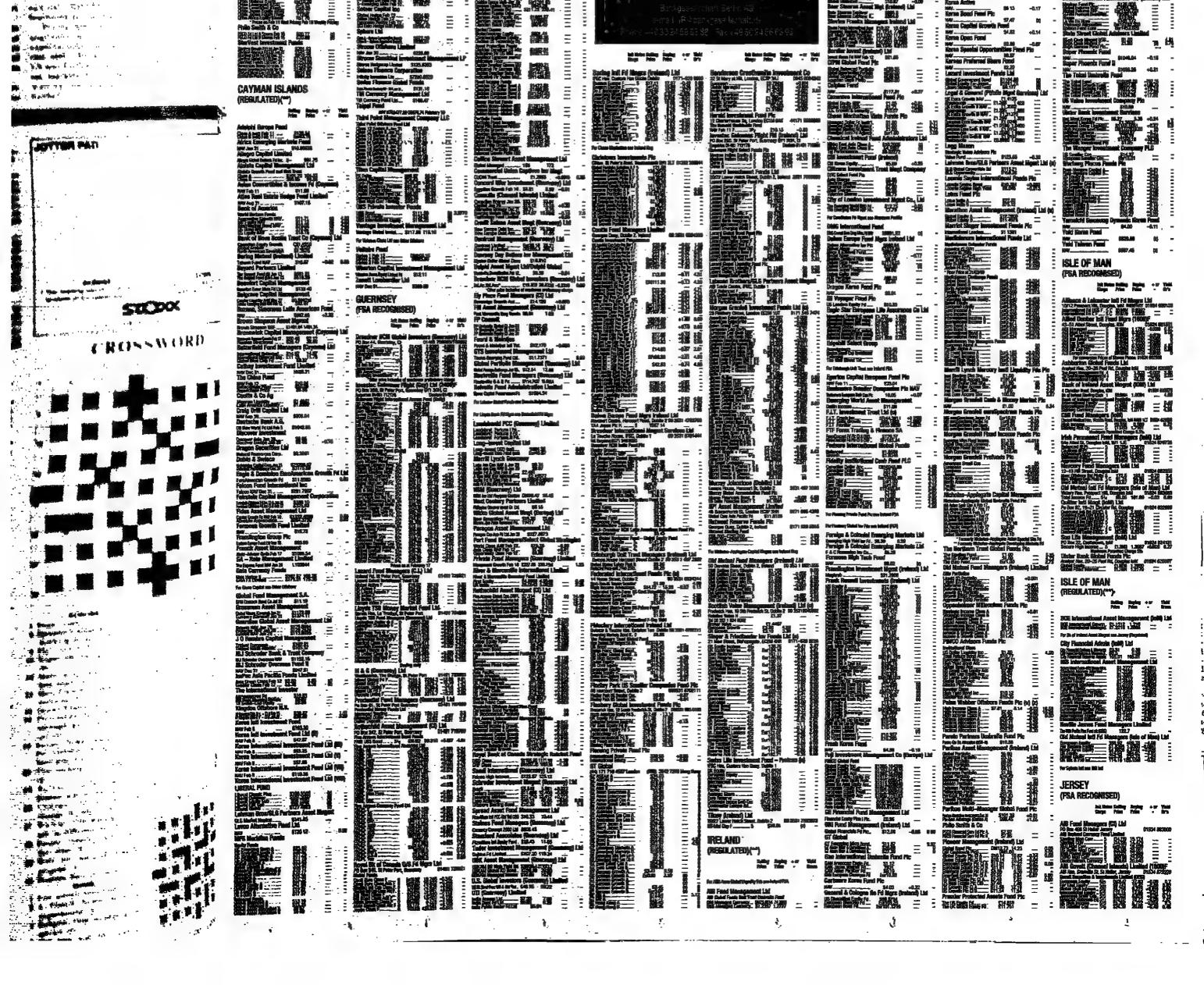
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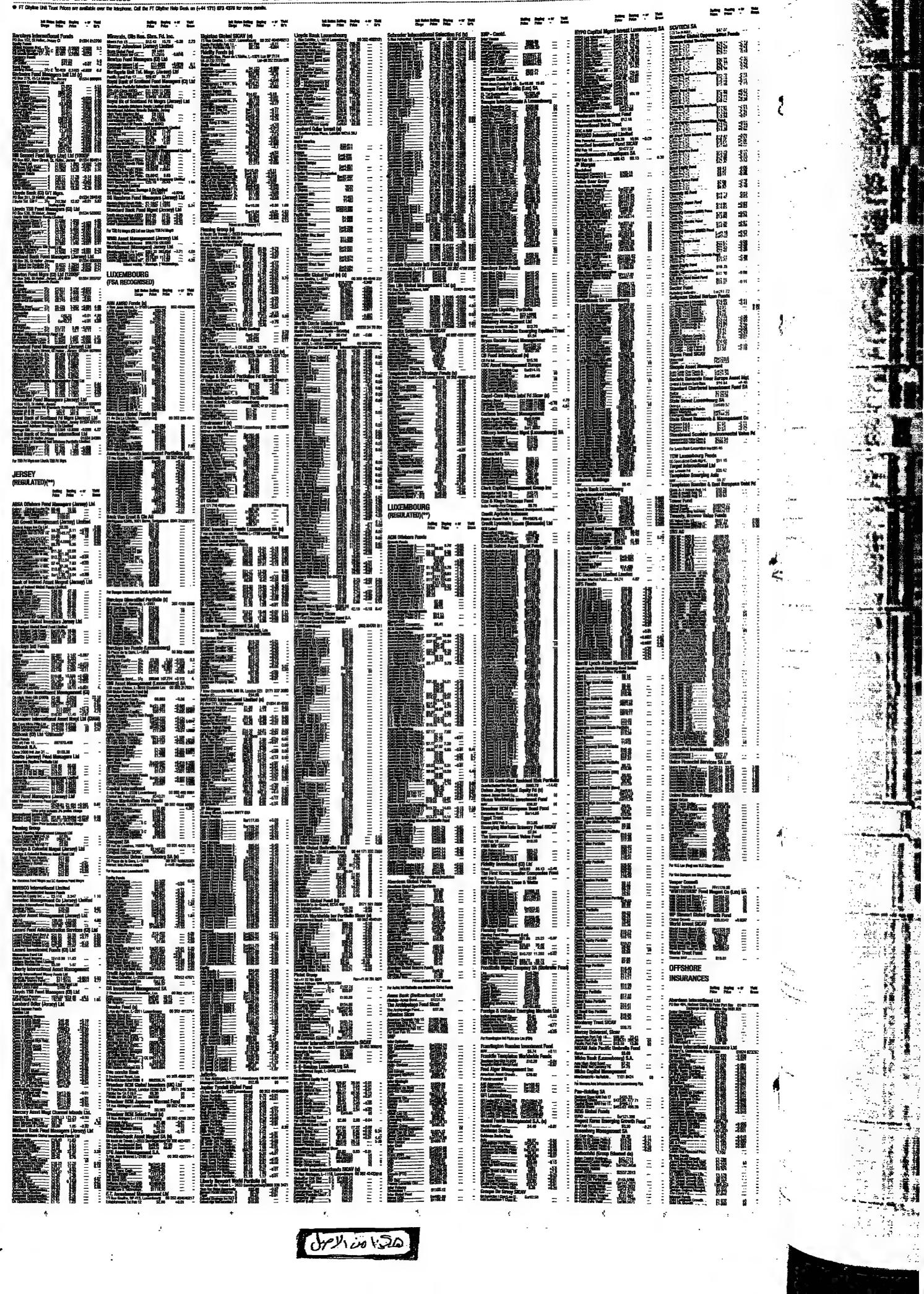


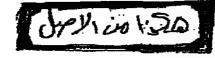




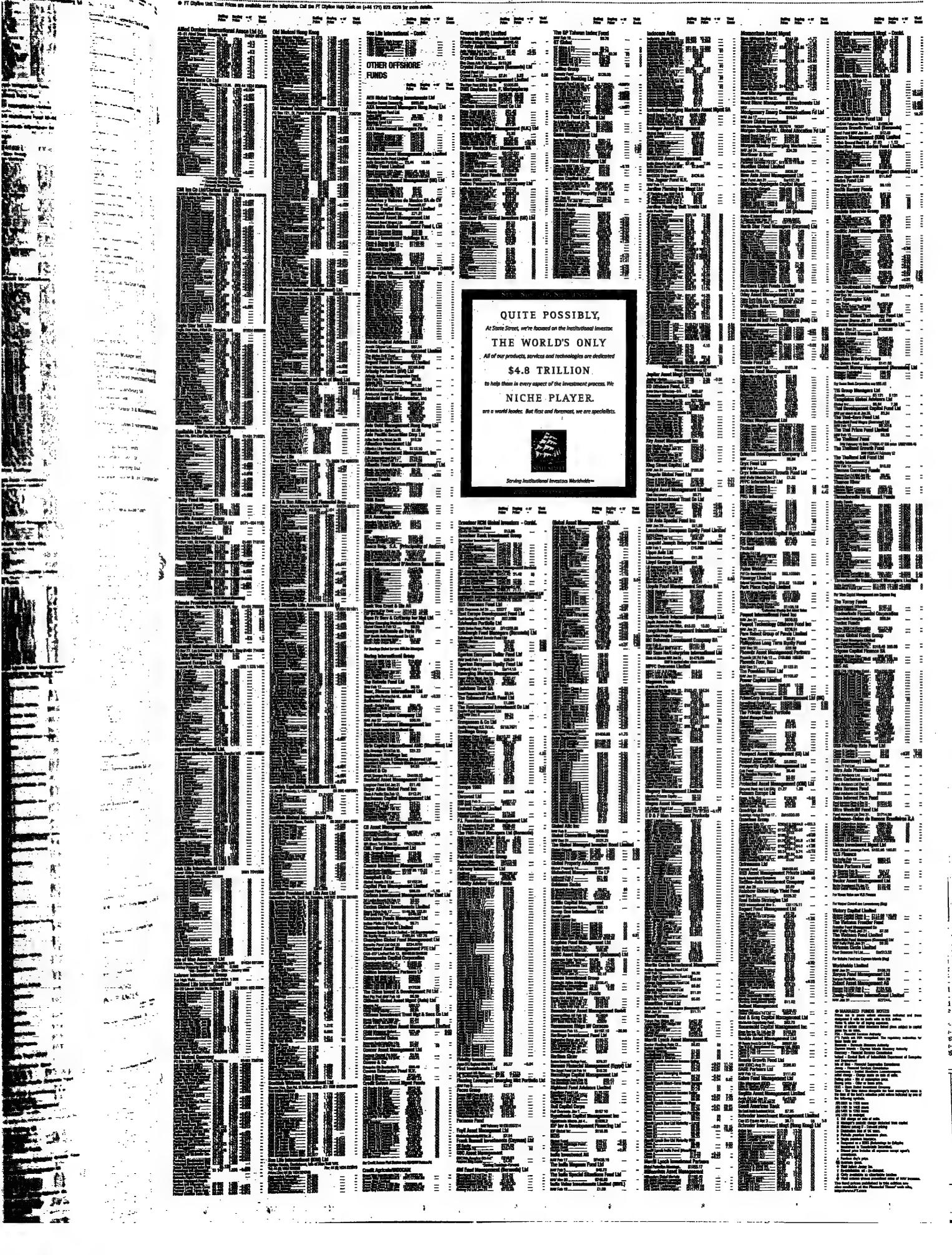








M. Halley Charge



LONDON SHARE SERVICE Imagine this page updated before your eyes. Interactive Investor is a free website devoted to making the most up-to-date financial information available to you. One visit could make all the difference to your portfolio. www.iii.co.uk | Column | C | 1985 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | | The content of the CHEMICALS CONSTRUCTION

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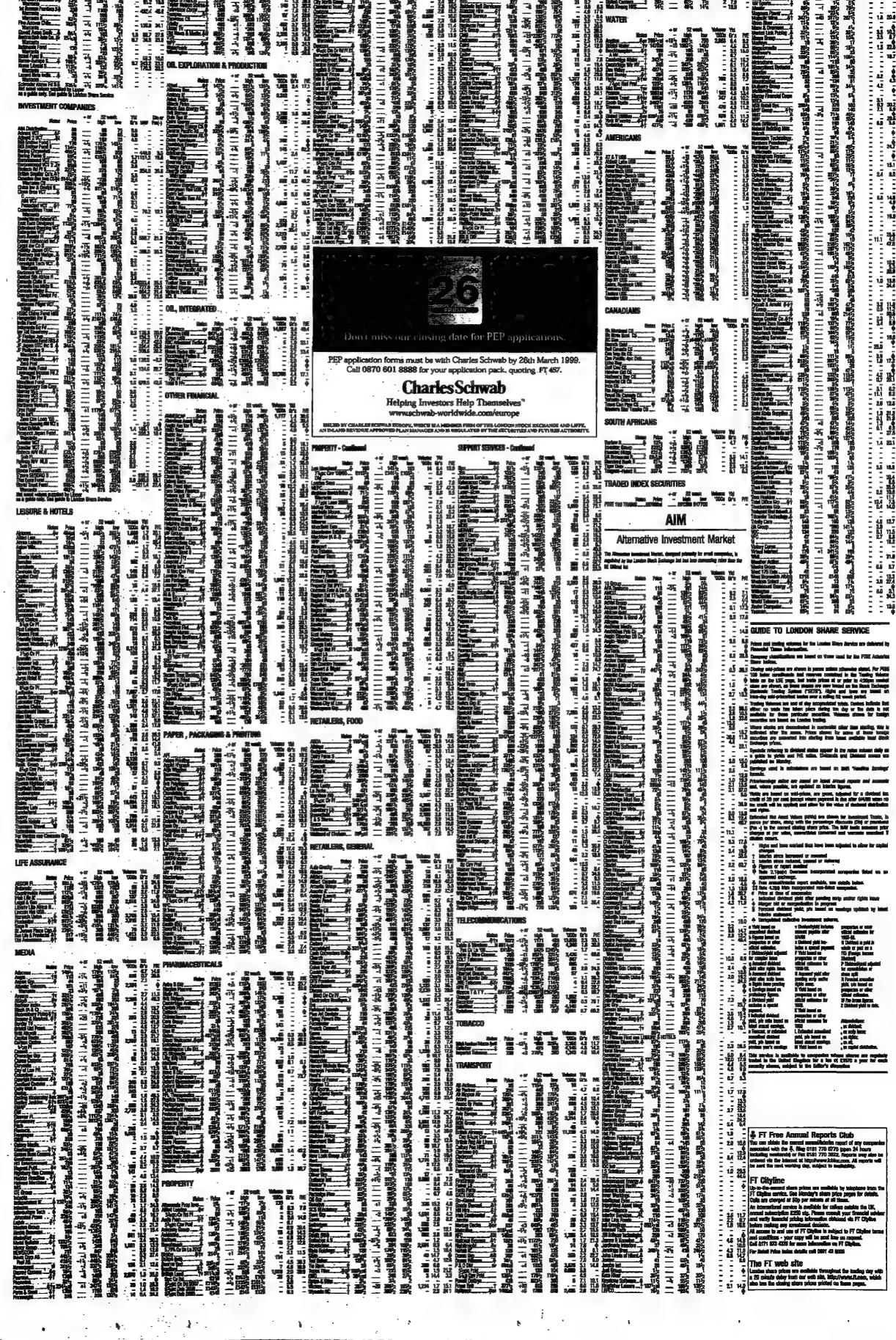
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FINANCIAL TIMES FRIDAY FEBRUARY 19 1999 LONDON SHARE SERVICE



1

FTSE Alf-Share index

Footsie resilient in face of Wall Street worries

MARKET REPORT By Steve Thompson, UK Stock Market Editor

London's equity market finished fractionally lower after a day of erratic moves. with dealers wary of the potential for more substantial weakness on Wall Street.

But most traders insisted that London remained well underpinned in what they described as a delicately poised market.

At the close, the FTSE 100 index was 3.5 down at bank, which continued the posted a 71.3 decline and

Saudi

reports

hit BAe

COMPANIES REPORT

and Simon Bernhon

in sales for BAe.

financial problems.

denied the story.

By Joel Kibazo, Peter John

A British Aerospace denial

of a news agency report sug-

gesting its long-running Al

Yamamah arms-for-oil proj-

ect with Saudi Arabia had

been frozen did little to calm

nerves about the company's

future profitability and the

stock duly tumbled. The con-

tract is worth around £2bn

Worries about the cancel-

lation of the contract fol-

lowed recent news that

Saudi Arabia was postpon-

ing its planned artillery

acquisition programme from South Africa because of

But late yesterday British

Aerospace denied the report

and said the Saudi contract

"is ongoing and continuing.

The report that Al Yamamah

is frozen is completely

wrong. Al Yamamah contin-

ues in the normal way." The UK ministry of defence also

The market remained

sceptical and the shares fall

18 or 4.3 per cent to 412p, the

worst performance in the

FISE 100, with heavy trad-

ing prompting turnover of

Rumours about the con-

tract also raised fears about

masked a pretty volatile day. ures from the banks sector. through the 6,000 level, the bullish mood about the nomics said: "Retail sales The early action in Lonsome uncommercial prices advance over the past week entered into the system and or so, with the better feeling involving a number of FTSE in the sector triggered by 100 stocks, notably Barclays, excellent numbers from which were said to have distorted London's benchmark index at the opening.

At its best, Footsie batch of company results ers. from leading UK stocks, most notably Halifax, the building society-turned the index fell away. Footsie

acquire Marconi Electronics

from defence electronics

giant GEC. The deal was to

"The denial the market is

looking for is the one from

Saudi Arabia, which has not

been forthcoming," said one

paid so much for Marconi.

Maybe it was trying to dilute

the exposure and contribu-

tion from Saudi Arabia." he

I were GEC. I would simply

walk away from the deal

One trader said simply: "If

STOCK MARKET TRAUING DATA

10.7

This is why the company

BAe stock.

sector specialist.

FT 30 INDEX

SEAC bergains Equity turnover (Ensy) Equity bargains† Shares traded (not) Total organist bargains Total turnover (Ensy); Total sins traded (months)

Total sine traded (mp)

Tradepoint sins trade

Total Pages Total Pages

III London murket sime

BAe's recent \$7.8bn deal to with BAe." GEC shares

be partly funded through tion of a regulatory admoni-

GEC shareholders acquiring tion. Generators have

Lloyds TSB, followed quickly by Barclays and Woolwich.

The latter's special dividend payment was emu- performances. was 44.9 higher at 6,123.3, a lated yesterday by Halifax. move reflecting initial which said it intended to excitement with the latest return £1.5bn to sharehold-

Initial enthusiasm quickly evaporated, however, and 3,074.9. That minor retreat sequence of well-received fig- threatened to slip back only company to continue

closed 11% off at 515%p.

Selected power stocks

dropped in nervous anticipa-

already been warned that

their pooled prices were not

reflecting the true economic

And while they have made

efforts to put their own

house in order. Offer, the

regulator, will crystallise

that warning in a statement

next week. The statement

will contain the threat of

made it is possible that some

companies, such as British

When the changes are

"licence modifications".

Feb 18 Feb 17 Feb 16 Feb 15 Feb 12 Yr ago 78gh "Low

3898.8 3700.5 3897.7 3849.7 3629.3 3492.5 4004.9 2790.5 1890 2261 2.85 2.87 3.07 4.22 2.77 23.92 23.88 21.90 23.55 22.61 23.07 25.41 15.80 23.15 23.17 23.18 18.71

7) 2.85 2.97 NJ 23.55 22.61 NJ 23.46 22.52 NJ 23.46 1/1/21.

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100

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95,003 4645,4 77,852 1070,2 91,036 5730,7

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70,180

32.0 10,7

cost of electricity.

The banks have been in before it stabilised and results season. don was confused by talk of the forefront of the market's embarked on a quiet but determined rally.

> in the leaders did not follow rapid progress in mid-sesthrough to the second-liners sion, while Rank Group reasand small-cap stocks, which steam after their recent good

The FTSE 250 index settled short of its session low of at 2,246.4, compared with the day's low of 2,244.8.

Energy, could find them-

selves caught in a supply

squeeze. Shares in the com-

pany fell 10% to 635p while

rival PowerGen dropped 31

Centrica jumped 8% to

121%p on heavy turnover of

17m in the wake of encour-

aging data from the UK's

higgest gas supplier.
The company said it had

gained about 4 per cent of

the electricity market in the

five months since the launch

of supply competition for

Centrica's British Gas arm

is offering "dual fuel" ser-vice to existing gas custom-

ers in areas where electricity

competition is in place, and

guaranteeing cheaper elec-

tricity prices than the local

Glaxo Wellcome shot for-

ward in early trading when

it announced figures that

showed the company was

weathering the patent expiry

of Zantac - once the world's

The pharmaceuticals giant

reported a profit fall of only

per cent, even though its

Zantac product, which once

represented about half the

company's sales, now

oiggest salling drug.

supplier until 2001.

3400

3300

3200

3100

to 802p.

The Halifax was not the stock market.

Best and worst performing FTSE sectors

Giaxo Wellcome's full-year numbers were well received. The resilience so evident helping the shares make sured the market by holding looked to have run out of the dividend - which had been widely viewed as under threat

The day's economic news 20.6 off at 5,153.9, not far showed UK retail sales in January up 1.1 per cent on 5,150.7, while the FTSE the month, slightly ahead of SmallCap was finally 4.1 off the consensus estimate of 1 per cent, and added to the mood of nervousness in the

Adam Cole of HSBC Eco-

Analysts were enthusiastic

about Glaxo's management

of the expiry of Zantac and

also of Zovirax, the herpes

only 21 higher at £20.14.

Halifax cashback

company's proposed merger

with Astra of Sweden.

The bank also proposed to

return £1.5bn to sharehold-

to make an extra 62p cash

payment under the proposal.

Finally, it said that mort-

gage lending increased to

While the results were

£14.19bn from £12.02bn.

treatment.

were only a little stronger than expected in January but revisions to earlier months' figures left the underlying picture looking considerably stronger. All-inall, the data probably add further weight to the view that rates will remain on hold at the March monetary

policy committee meeting.". Marketmakers noted that turnover in London had begun to tail off in the past few sessions. At 6pm yesterday it reached 998.2m shares. with FTSE 100 stocks with FISE 100 Stocks 4 Transport accounting for 54 per cent of 5 Lesare 6 Hours

the overall figure.

9175≥p. There was no disguising the relief felt by investors as Rank Group posted figures in line with expectations and maintained its dividend payout despite falling profits.

The shares raced sharply ahead closing 2214 up at 226%p, the best performer in the FISE 250.

stock. Richard Harwood at Gilbert Elliot, said: "It pays sceptics and it is now in recovery mode."

News late in the day that William Hill, the bookmaker owned by Nomura International subsidiary Nomura Principal Finance, has trimmed back its offer price to 135p from earlier expectations ranging between 155p and 175p, cast a shadow over several gaming stocks.

Shares in Ladbroke eased 4% to 258%p while those of Stanley Leisure declined 7 to

stocks were active with Rexam up 4 to 190%p and David S Smith up 21/4 to ers in a corporate restructur-107p, on turnovers of 9.3m ing scheme. And Halifax is shares apiece. One dealer reported heavy institutional buying, while another said there were rumours of consolidation in the sector.

company, was up 4% to 73%p broadly in line, analysts after Warburg Dillon Read were unsure why Halifax issued a "buy" note and an wanted to restructure. As a 80p price target. Pace Micro Technology

rose 22% to 141%p after announcing a digital set-top box contract with Bell South News that Aegon of the of the US. Danka Business Systems

15% to 72%p to

vincial was lifted 19% to 517p and Prodential 20% to

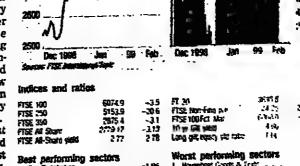
A long-term bull of the to go against the grain. The group has confounded the

But some raised doubts about the strength of the products in development. The two-way view saw the stock up 87 in early trading and then slide back slowly throughout the day to close Zeneca rose in response to shareholder approval of the

Brent International lifted 1% to 1120 with dealers Mortgage bank Halifax rose sharply after it reported talking about an overseas a rise in profits of 7 per cent, hid hitting today. exceeding analysts' expecta-Paper and packaging

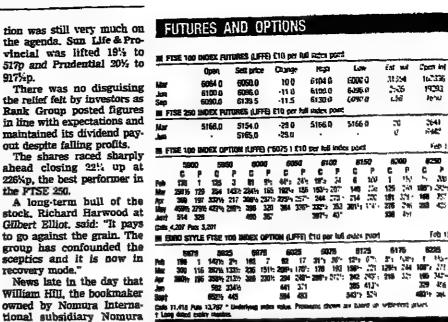
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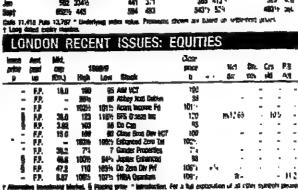
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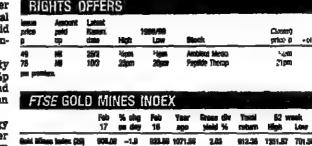


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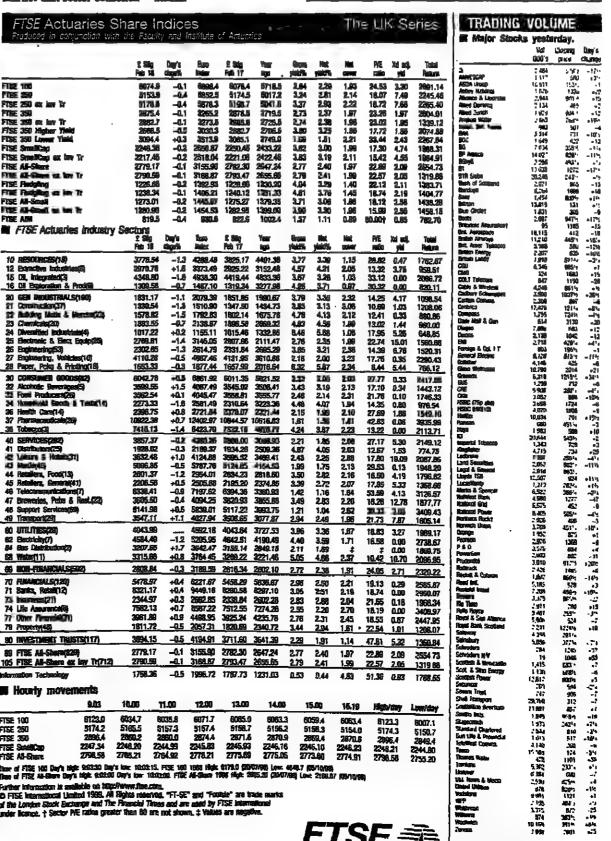
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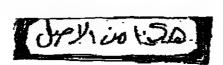
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REGIONAL MARKETS Fichares in parentheses	US	Dear's	Pound	THE REAL PROPERTY.	Markett 11	Local .	Local	GEORG	US	Pound .			Local			Year		
those number of lines	Doller	Change	Starting	Yes	Euro	Currency	% chg	Div.	Dollar	Starting	Year	Emp	Currency	52 week	52 week	ago		
of stock	index	*	index	index .	lociex	index .	eo qay	Yieki	index	Index	index	Index	Index	High	LOS	(approx		
Lestrada (75)	209.21	0.3	- 189.61	157.23	214.48	219.30	0.8	3.36	208.67 180.49	189.40	155.88	274.94	217.64 164.05	219.96 253.73	183.86 185.27	208 196		
watria (21)	180.80	0.2	163.86	135.88	183.54	- 163.54 350.62	-0.3 -0.8	1.92	397.26	350.55	296.75	353.50	353.50	446.95	277.07	277.		
Selgium (22)	395,92	-0.3	358.82	297.55	350.62			6.18	107.59	97.66	· 80.37	110.B3	376.29	269.34	89.32	234		
Bazi (29)	106.37	-1.1	98.41	79.94	109.04	375.93	-0.1			183.74		208.52	219.75	248.78	159.94	220		
Canada (113)		-0.7	182.12	151.02	205.98	217.97	-0.8	1.82	202.44		151.22		408.25		420.12	458.		
Denmark (34)	458,74	1.2	418.94	343,26	488.19	411.23	0.7	1.72	451.25 603.51	409.57	337.08	454.8D		537.33	334.38	334.		
Total (29)		-27	532.41	441.50	852.54	652.54	-9.1	1.74		547.77	450.82	573.61 292.31	673.61 292.31	661,25 354,45	252.02	253		
rance (74)	315.00	-0.8	285,48	235.74	288.53	288.53	-1.3	213.	317 59	288.25	237.24					245		
Senzaty (\$5)	257.50	-1.3	233.37	193.52	233.08	233.08	-1.8	1.42	260.82	236.73	194.84	237.23	237.23	325.61	226.35	243.		
Trace (36)	423.55	0.5	383.87	318.33	434.18	869.01	-0.1	0.98	421.52	382.59	314.88	434.18	870.23	429.65	211.47			
iona Kano. China (66)	2/1.72	. 🕰	251,70	208.72	284.89	276.25	- 0.0	4.42	277.70	252.05	207.44	286.04	276.25	362.55 64.52	196.64	327.		
ndoczaki (24)	48.77	8.3	44.20	36.95	50.00	260.32	. 60	1.18	48.81	44.12	36.31	50.07	280.20		19.04	447.		
raised (14)	544.84	-1.0	493.79	408.47	538.23	53B.23	-1.5	1.78	550.40	499.56	411.15	546.85	546.35	605.85 192.64	396.15 128.68	135		
(53)		-0.1	147.42	122.25	209.39	209.39	-0.5	. 1.52	162.90	147.86	121.69	210.72	-210.72			104.		
lenen (445)		-1.0	<i>57.24</i>	7235	96,66	7235	-04	1.03	97.27	58.29	72.66	100.19	72,56	107.62				
Heoden (29)	1185.93	-1.9	1074.27	590.63	1215.05	12862.57	-1.9	.1.99	1208.43	1096.82	902.70	1244.72	13116.59	1733.73	787.15	1517.		
letherlands (26)	477.78	-1.3	433,01	359.08	427.79	427.79	-1.8	2.22	484.22	439.58	361.71	435.65	435.65	562.73	394.92	432		
low Treland (18)		1.7	58.77	48.73	66,47	84.04	1.8	4.48	61.78	57.89	47,64	55.69	BC.92	77.84	45.68	76.		
Province (107)	225.37	-27	204.25	169.38	231,02	236.79	-2.4	2.53	231.53	210.14	172.95	238.48	242.65	357.71	181.86	.301.		
hSippines (22)	84.14	-0.8	76.26	63.24	86.25	162.97	-0.4	1.00	84.53	77.00	63.37	87.38	182.77	108.98	42.48	86.1		
when 1185	251,96	-0.5	228.35	189.35	307.78	307,78	-1.0	1.07	253.21	229.82	189.15	310.80	310.80	299.39	194.13			
Ingapora (40)	197.85	0.0	179.31	148,70	202.81	154.77	0.0	1.80	197.85	179.58	147.80	203.79	154,77	245.74	102.45	20-L		
Market (14) (15)	188.98	-0.4	171.25	142,01	193.70	254.10	-0.3	3.49	189.76	172.24	141.75	195.46	254.88	346.20	151.55	278.1		
bap (30)	382.05	0.5	348.25	267.13	428.70	428.70	0.0	1.58	380.26	345.14	284.05	428.75	428.75	435,19	290.81	306.2		
######################################	520.51	-12	471.74	391,19	533.58	811.05	-1.3	1.94	526.79	478.13	383.57	542.61	618.82	528.19	379.18	502.		
witzerland (30)	398.32	119	359.19	297.86	406.26	349.54	0.4	1.22	392.79	356.51	293.41	404.58	348.25	441.65	307.73	376.		
	21.32	50	19.33	16.03	21.88	30.60	-4.0	2.95	72.46	20.38	16.77	23.13	32.18	33.84	8.15	. 28.6		
halland (31)		-0.4	349.71	290.00	395.55	349.71	-0.B	279	387.44	351.65	289.41	399.07	351.65	401,84	307.96	- 362.8		
nited Kingdom (201)		-14	457.26	379.18	517.19	504.53	-1.4	1.30	511.89	464.61	382.38	527.26	511.89	527.72	390.12	417,		
a. (a.a)		-149																
mericas (784)	447.54	-1,4	405.70	336.42	458.87	379.99	-1.4	1.34	454.06	412.12	339 18	467.70	385.43	487.90	347.59	378.		
11008 (723)	350.13	-0.5	317.32	263,14	358.91	326.28	-0.9	2.09	351.96	319.45	262.92	352,53	. 329.15	386.24	282.63	314.2		
problec (342)	99.58	-0.8	89.75	74.42	97.02	97.02	-1.3	1.81	96.88	90.65	74.51	98.32	98,32	113.92	81.53			
FUEL (342)	492.41	-1.3	448.27	370.07	504,76	500.92	-1.5	1.89	498.95	452.86	372.71	513.93	508.69	555.97	360.04	440.		
ontic (149)		-0.8	94.21	78.13	106.56	80.54	-0.3	1.57	104.79	95.11	78.28	107.94	80.76	117.89	82.88	. 113/		
edic Basin (721)	206.31	-0.6	188.98	155.05	211:48	172.84	-0.7	1.94	207.55	188.38	155 04	213.79	174.08	221.79	166.00	197.		
ro-Pacific (1444)					495.11	484.74	-1.4	1,32	490 91	445.58	366.71	505.65	491.70	506.43	374.92	405.		
orth America (725)	483.97	-1.4	438.62	363.73		305.28	-1.0	1.72	323.11	293.27	251.36	332.81	308.49	385.37	260.93	281.		
2008 Ex. UK (527)	321.23	-0.6	291,13	241.42	329.29		-0.4	2.36	97.98	28.93	73.19	100.92	. 98.58	103.93	77.40	. 2012		
emne Pr Fortiblec (381)		-0.2	88.63	73.50	100.25	98.27			96.41	87.51		99.31	94.65	109.21	75.16			
rope Ex. UK Ex. Eurobice (180)96.70	. 03	87.64 ·	72.67	99.12	94.56	-0.1	1.45			72.02							
citic Ex. Japan (276)	177.71	0.1	161.06	133,56	182.17	3 6 1.15	0.4	3.51	177.50	161,11	132.59	182.83	180.50	216.04	125.25	. 197.1		
	103.97	-1.1	94.23	78.14	106,58	103.07	-1.1	1.57	105.12	95.41	78.53	108,28	104.17	108.05	83.09			
orld Ex. Eurobioc (1921)	205.80	-0.6	188.34	154.52	210.76	177.86	-0.7	1,97	206.88	187.77	154.54	213.09	. 178.53	221.91	165.95	. 200.2		
orld Ex. US (1650)		-L1	258.40	220.91	301.81	284.53	-1.2	1.47	297.31	269 85-	222.09	306.24	267.64	311.48	236.11	261.8		
nti El UK (2062)	293.94		-366.18	· 303.56	414.17	396.57	-1.2	1.57	408.36	370.85	305.05	420.63	401.27	427.99	320.58	353.1		
orki Ex. Japan (1818)	404.04	-1.1	-900.19	- مسجوب	41-0-14			1.51	305.06	276.89	227.88	314.23	275,32	318.51	242.38	270.2		

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STOCK MARKETS

ECB rates on hold as strike threat ends

WORLD OVERVIEW

European events were the dominant theme for interna-

The threat of damaging German strikes melted away, the European Central Bank held what many observers saw as a crucial meeting and Dutch insurance glant Aegon flexed its acquisition muscles with a \$9.7bn US takeover.

lysts had pencilled in as

had been growing progressively more explosive and threatened to injure large sections of German industry. The 3.2 per cent basic set-

their doomsday number. Although it will add to the strains of a slowing German economy and shrinking cor-

\$% to \$48%, and Walt Disney.

Internet stocks were

mixed. Broadcast.com. the

webcasting company, surged

17 per cent to \$68% after

Donaldson, Lufkin & Jen-

rette raised its rating to

US Treasuries eased after

the release of a stronger pro-

ducer price index for Janu-

ary. By early afternoon, the

benchmark 30-year bond was

down is to 982, sending the

TORONTO rallied in early

two days on positive infla

tion news and strong results

from Toronto-Dominion

Royal Bank of Canada

gained 90 cents to C\$77.10

while Toronto-Dominion,

which turned in first-quarter

earnings comfortably ahead

of brokers forecasts, added

At the noon count, the 300

Among industrials, Bom-

hardier and Newbridge Net-

works rose on upbeat con-

tract news. The former

added 50 cents at C\$22.15 and

Newbridge gained 55 cents to

Northern Telecom jumped

C\$2.65 to C\$89 on a solid

morning for techs generally.

ATI Technologies improved

Funeral homes and ceme-

tery group Loewen fell a fur-

ther 20 cents to C\$2.84 after

tumbling by 30 per cent on

Wednesday in the wake of a

December, in spite of the

retreating 90.99 to 3,845.10 at

midsession, extending

Wednesday's 4 per cent fall.

idad de Caracas fell 10.05

Benchmark stock Electric-

devaluation of the Real.

C\$1.50 to C\$21.50.

credit downgrade.

Firm peso and rise in

MEXICO CITY was trading down 133 or 1.45 per cent 0.7 per cent higher on the at 8,844 in early trading.

GDP boost Mexico

composite index was up 25.83

55 cents at C\$65,80.

man inflation, but inside the

3.5 per cent level that ana-

for hardline monetarism at the European Central Bank, unchanged yesterday.

At the close, both Franktlement is several times Ger- furt and Paris added more than 1 per cent on a mixed day generally for markets, though individual share movements stole most of the

asset base by a third, added

on what was seen as a rela- porate earnings, the settle- 5.6 per cent while French with a dollar gain of 15 per Speaking at a Reuters tively benign end to the IG ment appeared to take some food retailer Carrefour cent, ended off 2.1 per cent emerging market investment Metall pay dispute, which of the steam out of the case surged 11.7 per cent on bum-having been down 6 per cent per results and a share split at the opening bell. that reduces the stock down which duly left interest rates from an unwieldy 6600 to

> Greek shares partly recovered from early political scares after the government dismissed speculation of an profit-taking. Some investors election in the wake of the felt the arrest of Ocalan scandal over Kurdish rebel leader Addullah Ocalan, on the human rights record Aegon, which is lifting its Athens, the fastest growing barring Turkey's entry to emerging market this year the European Union.

> > Share price (@

Across the Aegean sea in

Turkey, the mood remained upbeat with the stock-market extending its rally to 18 per cent in three days. although there were signs of could prove a further stain

was worst - Russia and

peak just 2 cents below

Dealers said -investors

were moving out of its

mobile phone unit Tim and

moving into Telecom. Tim-

Italcementi put on 41 cents

to 69.70 on continued opti-

mism after parent group

Ciments Français posted a 46

per cent increase in 1996 net

ZURICH was lower after a.

Novartis, still suffering

rom foreign selling, lost

giving up SFr22 to SFr1,230.

index up 13.57 to 3.275.44.

Toolmaker Sandvik, down

SKr6.50 to SKr153.50, and

to SKr129, both fell after

Astra's A-shares rose SKr5

posting falls in 1998 profits.

Swisscom continued to see

thin and trendless session with the SMI index marked

down 64.8 at 6.981.6.

SFr125 to SFr18,150.

SFr18 to SFr535.

all time high of €8.94.

lost 12 cents to €5.34.

conference yesterday, Mark Mobius of Templeton Investment Management, said

some markets, such as Thailand, were more than 90 per cent down from their all-time highs and that bear markets did not last forever. Valuations had become much more attractive and he believed the rewards would be highest where sentiment

EMERGING MARKET FOCUS

Prague tests investors' faith

with the Czech government and are cutting their holdings of the country's stocks. The Social Democrat-led-

government has failed to convince investors it has a strategy to pull the economy out of a recession that cut gross domestic product by about 2.5 per cent last year. John Lomax at HSBC says

the group has recently moved underweight for the Czech Republic. He says he is waiting to hear how the big banks will be recapitalised ahead of privatisation and for indications on when the central bank will cut interest rates further.

CSFB has also cut its weighting. "We se the economy only getting going when they embark on structural reform," says. David Aserkoff. "We're asking the same questions we were asking when the government came in in July.

Low prices are not acting see no sign of real economic improvement until the banks are privatised next

A 15 per cent fall in the SFr56 to SFr2,480 while Roche certificates gave up koruna this year has also failed to spur activity Financials were mostly because investors feel it will lower, with insurer Baloise fall further. Moreover, the sharp decline appears to have scared the central bank of transparency th profit-taking, with a loss of away from making further a had name. interest rate cuts and as STOCKHOLM shrugged off most blue chips are not poor results to end slightly lower, with the general off from the impact on their foreign currency losses.

SPT Telecom and its future rival Ceske Radiokoinsurer Skandia, down SKr4 munikace are the only stocks held by many funds, partly because their results had remained immune from to SKr164 after shareholders the recession. Their shares in Britain's Zeneca approved rose 28 per cent last year while the PX-50 index fell 20 the merger between the two

However, Ceske Radiokomunikace is now widely seen as overpriced, while SPT - which makes up 39 per cent of the index - has.



new government's attemp? to change its board.

"The risk is that the sta uses its majority shareho ings to do what is good the state but what is not essarily good for shareh ers," says Mr Aserkoff.

The other top blue ch Komercni banka and Sporitelna, collapse value last year afte dreadful condition of loan portfolios was e the extent of the dil shares from recapit

before they return. Ironically, the fall ment comes just as ket is getting good tackling the abuse A real-time ma trading system fo leading shares, in May, has attra than 80 per cent ing in those stocks But with average

trading volume read only Kč418m (\$12.4m) so. the stock exchange is being questioned. Four of the blue chips are already listed as. global depository receipts in London and the exchange appears resigned to joining other regional bourses as an exchange for smaller stocks.

purchase leads blue chips up

AMERICAS

Wall Street moved ahead in early trading with blue-chip shares lifted by enthusiasm for the takeover of Transamerica, writes John Labate in New York.

An early rise in high-tech shares fizzled by midday, but the Dow Jones Industrial Average stayed positive, adding 44.78 at 9,240.25. The Standard & Poor's 500 index had gained 5.61 to 1.229.64.

puter sector, after a series of volatile days led by concerns surrounding Dell Computer.

The midday Nasdaq composite index was down 1.68 to 2,247.23. Shares of Dell Computer were \$\frac{1}{2} stronger at \$82\frac{1}{2}, but other high-tech leaders, such as Microsoft, which fell \$4% to \$145%, kept

Transamerica shares soared after Dutch insurance giant Aegon agreed a \$9.7bn takeover bid. Transamerica shares were \$15% or 26 per cent higher to \$72%. ADRs of Aegon rose 4 per cent or \$4 to \$98%. Other US insurers were mixed, with Hartford Insurance up \$% at \$50\feats.

Banking shares were mostly higher, with First Union up \$1 to \$52%. But Chase Manhattan was down \$4 to \$77 after Prudential Securities cut its rating from "strong buy" to "accumu-

Among Dow shares, General Motors climbed \$2% to \$85% and pharmaceutical company Merck gained \$1# to \$77%. Shares of Sears Roebuck were up \$% to \$39% one day after the retailer said it

Dow fallers included Good- ton Resources, which rose year Tire and Rubber, down C\$5.10 to C\$12.10 on the deal.

back of a firm peso and a good start on Wall Street. The IPC index was 27.90

Optimism was also fuelled

by news of a 4.8 per cent rise in gross domestic product in

SAO PAULO erased all of

Wednesday's small gains.

centavos to 26.35 pesos.

higher to 4,104.24.

Transamerica Pay deal settles Dax nerves

Lifted by the end to the IG Metall union pay dispute. FRANKFURT regained half of Wednesday's losses with the Xetra Dax index improving 50.67 at 4.871.09

Man jumped €13.80 to €243.20 as the threat of industrial action melted away. Siemens, up €1.80 at €61.45, added to the improved sentiment by announcing it would be maintaining earnings targets this year in spite of a higher wage bill as a result of the IG Metall pay deal.

Mannesmann added €4.20 at €117.50 and retailer Metro pushed up €2.25 at €63.80. Munich Re was a weak fea-Investors continued to yield higher to 5.336 per ture, slipping €5.70 to

The FTSE Eurotop 300 Index trading, partly reversing the rose 1.04 or 0.09 per cent to 120-point decline of the past 1,198.55. See Euro Prices page.

> €178.10. BMW, a strong market lately on takeover talk, ran into profit-taking. The shares lost €27.40 at €702.60. DaimlerChrysler gained €1.69 at €85.85 amid persistent talk of broker upgrades in the wake of a strong start to 1999 for US car sales.

> PARIS closed 1.35 per cent higher, with the CAC-40 up 53.92 to 4,039.41 as investors focused on individual stocks in the absence of a lead from other markets.

Hypermarket group Carrefour stole the show, closing €65 or 11.7 per cent higher to €619 after posting a higherthan-expected rise in 1998 profits. The news unleashed a wave of buying from investors who had feared the emerging markets crisis would dent the company's bottom line.

Rhône-Poulenc recovered 59 cents to €41.70 after Hoechst said it had reached an agreement with one of its main shareholders that In golds, Barrick came off would allow its planned C\$1.20 at C\$25.80 on news of merger with the French Kuwait, which owns 24.5 per cent of Hoechst, was said and Nedlloyd fell 70 cents to

to he reconsidering its oppo-€10.80. sition to the deal after a meeting with Hoechst execuby action in Banca di Roma, which soared 8.5 LVMH was €11.80 or 5.6 per cent as it sought to per cent off to €200.70 after catch up with its possible

house LVMH is bidding for,

overnight losses to finish firmer as the equity market

gave a warm reception to a

Signals of a firmer Wall

Brazil saw a net foreign capital outflow of 5774m last Jo'burg welcomes budget

SOUTH AFRICA

pre-election budget

CARACAS tumbled 23 per cent, with the IBC index Johannesburg recouped

countered the offer by popcent rally on Wednesday. ping a poison pill. Banca di Roma closed 11 Gucci said it had granted cents higher at £1.40 while BCI slipped 5 cents to €5.90. an employee trust an option to buy 37m new shares. The Dealers said there was clear evidence that invesrust was reported to have immediately built up a stake tors, both domestic and for eign, were shifting from BCI equivalent to LVMH's. LVMH's holding in Gucci into Banca di Roma ahead of

could fall from 34 per cent to

for insurance giant Aegon,

which gained almost 10 per

cent at one stage on news of

a 29.7bn US takeover. The

AEX index ended 1.96 lower

€92.90 on the announcement

of the Transamerica deal

but met with some profit-

taking later. The stock

ended up €4.70 or 5.6 per

cent at €89.30 in heavy vol-

An earnings upgrade from

Goldman Sachs helped keep

Philips on an even keel, with

the shares closing all square

shipping group Nedlloyd fea-

tured at the bottom of the

KNP came off €2.95 at €10.80

MILAN was enlivened

picked up 26.5 to 5,897.8. Industrials rose 47.6 to

5,728.8 while financials ral-

lied off earlier lows to end

to 893.7 after a R1 climb to

declined to the dollar as the

Korean market was closed

for the lunar new year holi-

day, explaining the steep

adjustment by traders when

they returned to the market

Worst hit were market

The gold index climbed 1.1

2.1 weaker at 8,994.9.

Telecoms leader KNP and

ume of 10.4m shares.

Aegon rose to a high of

at 512.19.

at €61.

Gucci, the Italian fashion merger partner Banca

Street start also inspired the R34.50 in Gold Fields.

Lagardère tumbled €1.50 could give some signal on or 4 per cent to €35.96 after how it intends to proceed on the government said it the merger front. would float a smaller-than-BCI and Banca di Roma have been in long-running expected 17 per cent stake in Aerospatiale, which is to merger talks, but negotiamerge with Lagardère's tions have run aground on defence arm Matra. issues including valuation of AMSTERDAM moved assets and who should run lower in spite of a busy day the combined bank.

The broader market overcame early weakness and the real-time Mibtel index closed 121 higher at 23,103. Telecom Italia was another

the BCI board meeting on

February 22 when the bank

outperformer, rising 26 cents to €8.88 after an intraday

Written and edited by Michael Morgan, Bertrand Benoît and

the UK

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Tokyo falls on weakening yen **ASIA PACIFIC**

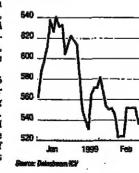
Stocks in TOKYO fell for a second day in quiet trading, as the yen weakened and companies announced downward earnings revisions, writes Alexandra Nusbaum in Tokyo. The benchmark Nikkei 225

Average fell 0.08 per cent or 11.88 to 14.146 after trading between 14,041 and 14,168. The capitalisation-weighted Nikkei 300 fell 0.38 to close at 218.62. The Topix index of all first-section shares was down 1.81 at 1.095.27.

Volume was light with 348m shares traded. Momentum was downwards with 426 issues advancing, 666 declining and 198 unchanged. The yen continued falling.

to Y118 against the dollar. Sumitomo Trust rose 3 per cent or Y10 to Y373. Daiws Securities was up 1.6 per cent or Y7 to Y433. Industrial Bank of Japan lowered the group forecast from a loss of Y90bn to a loss of Y330bn, but shares remained unchanged at Y545.

ware development company that forecast a 45 per cent loss of Y15bn this year. iump in pre-tax profit for the



parent company, soared 11.6 following a report that the company would conduct a stock split.

NSK, a ballbearing manu-Dainippon Ink rose 1.2 per cent at 1,335.01. cent or Y4 to Y327 following Tuesday's announcement that it is to launch a joint turned from arbitrage buyventure printing business with Eastman Kodak.

Konami, a leading soft- terday's news that it would cent to 536.41, off a 556.96 to Rp4,275, and Tambang Asahi Breweries closed

down Y23 or 1.45 per cent to Y1.565 on its announcement that net income was Y579m for the year ending December 31, 1998 against adjustmen Y11.560bn the previous year. they return In Osaka, the OSE index yesterday.

fell 48 to 14,908. SINGAPORE returned from a two-day break in tric Power Corp retreated downbeat mood, sending Won2,000 to Won28,000, equities steeply down on a combination of Wall Street's overnight slide and worries about upcoming corporate

Property shares were ended off 3.4 per cent. Propper cent or Y490 to Y4,240 erty heavyweight City Developments fell 40 cents to S\$6.40.

The day's trading volume ended 5.44 higher at 403.41 as was relatively light at 81m export-oriented companies facturer, saw its stock climb shares. The Straits Times and dual-listed stocks were 8.3 per cent or Y42 to Y508. index shed 26.14 or 1.9 per boosted by arbitrage trades SEOUL tumbled as inves-

tors cashed in on profits and kom picked up Rp50 at ing to selling as a weaker yen put pressure on Korean Softbank fell 3.76 per cent exports. The composite or Y300 to Y7,680 after yes- index lost 15.36 or 2.8 per post a consolidated pre-tax high, erasing most of Friday's gains. The yen had steadily results due today.

heavyweights. Korea Elecwhile SK Telecom lost Won25,000 to Won580,000 and Pohang Iron and Steel dropped Won2,300 to

JAKARTA ended higher as picked out for extensive sell- large-cap stocks rebounded, ing and the sector index but dealers were split over whether there were more gains to come if the market faced profit-taking. The composite index

as the rupiah weakened. Market heavyweight Tel-

ducer Gudang Garam rose Rp300 to Rp12,000. Fishing company Daya Guna Samudra added Rp250 Timah closed at Rp4,225, up Rp225, ahead of full-year

Rp2,900 while cigarette pro-

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